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INVESTING IN AMERICA'S FAMILIES: THE COMMON BOND OF GENERATIONS

COMPLETED ORIGINAL
177

HEARING

BEFORE THE

SELECT COMMITTEE ON AGING
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

APRIL 8, 1986

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INVESTING IN AMERICA'S FAMILIES: THE COMMON BOND OF GENERATIONS

TUESDAY, APRIL 8, 1986

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON AGING,
Washington, DC.

The committee met, pursuant to notice, at 1 p.m., in room 2318, Rayburn House Office Building, Hon. Edward R. Roybal (chairman of the committee) presiding.

Members present: Representatives Roybal, Synar, Frank, Richardson, Stallings, Tauke, Schneider, Siljander, Smith, Meyers, and Schuette.

Staff present: Fernando Torres-Gil, staff director; Nancy Smith, professional staff member; Anthony Knettel, professional staff member; Gary Christopherson, professional staff member; Austin Hogan, communications director; Carolyn Griffith, staff assistant; Diana Jones, staff assistant; Valerie Batza, staff assistant; Mary Wonderlich, staff assistant; Margaret MacNamara, intern, and Joseph Fredericks, deputy minority staff director; of the Select Committee on Aging. Allen Johnston, staff director; and Lowell Ayre, professional staff; of the Subcommittee on Retirement Income and Employment.

OPENING STATEMENT OF CHAIRMAN EDWARD R. ROYBAL

The CHAIRMAN. The committee will come to order.

Ladies and gentlemen, the purpose of today's hearing is to highlight the emotional and financial interdependence of families across generations and their common stake in programs for both young and old. It is also to take a critical look at what some see as an emerging conflict between old and young due to financial pressures on families.

The fact that programs such as Medicare, Social Security, and AFDC are of benefit to persons of all ages is rooted in the history of public policy. As President Johnson remarked when he signed the Medicare Act into law 20 years ago, he said;

> * * * no longer will illness crush and destroy the savings that they (the elderly) have so carefully put away over a lifetime * * * no longer will young families see their own incomes, and their own hopes, eaten away simply because they are carrying out their deep moral obligations to their parents.

To the extent that we have made progress in improving the economic security of older persons—the Nation can be proud. To the extent that older persons and their families remain unprotected against the catastrophic costs of long-term illness—the Nation

must move quickly to provide protection. To the extent that children are being driven into poverty—the Nation must move immediately to pull them out. The issue is not whether one age group has fared well at the expense of another, but whether we will solve the serious problems of poverty and health-related financial risk that strike Americans of all ages that take a heavy toll on the entire family. It is these risks that, in many instances, totally wipe out the income and assets of families throughout the country.

Before we proceed, I wish to thank the witnesses for appearing before the committee today and look forward to their testimony.

I would like to recognize my colleagues. Do you gentlemen have statements?

Mr. RICHARDSON. Mr. Chairman.

The CHAIRMAN. The gentleman from New Mexico.

Mr. RICHARDSON. Mr. Chairman, I just ask unanimous consent to insert my statement in the record, and to commend you for holding this hearing, especially the aspect that those were the potential generational conflict which from the data that I see here in front of me is severely disputed. For that reason I commend you, Mr. Chairman.

The CHAIRMAN. Thank you.

[The prepared statement of Representative Richardson follows:]

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(Panel #1)

PREPARED STATEMENT OF REPRESENTATIVE BILL RICHARDSON

MR. CHAIRMAN, I WANT TO FIRST OF ALL THANK YOU FOR HOLDING THIS HEARING ON "INVESTING IN AMERICA'S FAMILIES - THE COMMON BOND OF GENERATIONS." I WOULD ALSO LIKE TO THANK ALL THE SPEAKERS HERE TODAY AND ALL THE WORK THEY HAVE DONE ON THIS VERY IMPORTANT ISSUE. IN THE BRIEF TIME I HAVE I WOULD LIKE TO CONCENTRATE ON THE CAUSE OF THESE PROBLEMS AND OFFER SOME SUGGESTIONS ON HOW TO GO BEYOND THEM.

IN 1900, ONLY 1 OF EVERY 25 AMERICANS WAS 65 OR OLDER. WITH GROWING ADVANCES IN MEDICAL SCIENCE, TODAY, 1 OF EVERY 9 AMERICANS IS 65 OR OLDER AND IT IS EXPECTED THAT BY THE YEAR 2030 1 OF FIVE AMERICANS WILL BE 65 OR OLDER. SO YOU CAN SEE THAT THERE IS AN OBVIOUS NEED TO START LOOKING MORE CLOSELY AT THE INTERGENERATIONAL SITUATION. I THINK WE NEED TO GO TO THE ROOT OF THE PROBLEM. WHAT IS CAUSING THE TENSIONS BETWEEN THE GENERATIONS. I BELIEVE IT IS THE MISDIRECTED PRORITIES OF THE CURRENT ADMINISTRATION.

WE ARE ALL AWARE OF THE ATTACK ON HUMAN SERVICE PROGRAMS OVER THE LAST FIVE YEARS. EARLY IN THIS ADMINISTRATION, WE WERE TOLD BY ONE OF THIS ADMINISTRATION'S TOP OFFICIALS THAT PEOPLE STAND IN SOUP LINES BECAUSE THEY CHOOSE TO AND THAT THERE IS NO NEED FOR GOVERNMENT TO HELP BECAUSE EVERYONE IS TAKEN CARE OF.

UNDER THE REAGAN ADMINISTRATION, FAMILIES WITH INCOMES OF $80,000 AND OVER GAINED 9.4 PERCENT OF THEIR INCOME DUE TO RONALD REAGAN'S GENEROSITY IN REDUCING THEIR TAXES. YET THE POOREST FIFTH LOST 5.4 PERCENT OF THEIR INCOME. HISPANIC FAMILES FARED WORSE THAN THE GENERAL POPULATION, RESPECTIVELY LOSING 9 PERCENT AND 6.1 PERCENT OF THEIR REAL FAMILY PURCHASING POWER. I CAN GO ON AND ON WITH SIMILAR STATISTICS, BUT I THINK YOU GET THE POINT.

WHEN IT COMES TO THE ELDERLY THE ADMINISTRATION HOLDS NO PUNCHES. WE WERE TOLD BY THIS ADMINISTRATION THAT TODAYS ELDERLY ARE "THE WEALTHIEST, BEST FED, BEST HOUSED, HEALTHIEST, MOST SELF-RELIANT OLDER POPULATION IN OUR HISTORY." BUT WHEN WE LOOK AT THE REALITY OF WHERE SENIORS ARE TODAY, WE FIND A VERY DIFFERENT WORLD. NEARLY 25 PERCENT OF THE 65 AND OLDER GROUP IS POOR. MORE THAN 1.3 MILLION PEOPLE OVER 65 LIVE IN NURSING HOMES. IT IS ESTIMATED THAT 80 PERCENT OF THE CASES OF THE 65 AND OLDER GROUP WILL HAVE TO DEPEND ON THEIR FAMILIES FOR ASSISTANCE. WHILE MOST FAMILIES WILLINGLY ACCEPT THIS RESPONSIBILITY, MANY -- OFTEN HARDPRESSED THEMSELVES -- FIND THE RESULTING FINANCIAL OR EMOTIONAL BURDEN OPPRESIVE AT BEST AND OVERWHELMING AT WORST AND OTHERS HAVE NO ONE TO TAKE CARE OF THEM. THIS IS WHAT WE ARE LOOKING AT TODAY. THIS IS WHERE THE INTERGENERATIONAL STRUGLE BEGINS.

THE YOUNG HAVE ALSO BEEN SEVERELY AFFECTED. IN MY HOME STATE OF NEW MEXICO, WE HAVE BEEN DEVASTATED BY THIS ADMINISTRATIONS ATTACK ON THE YOUNG. ONE OF THE MOST COST EFFECTIVE PROGRAMS IN GOVERNMENT, WIC - WOMEN, INFANTS AND CHILDREN, HAS BEEN SLATED FOR DRASTIC CUTS DURING THE PAST FIVE YEARS AND THOUSANDS OF CHILDREN HAVE LOST HOPE. SEVERE CUTS TO THE AFDC - AID TO FAMILIES WITH DEPENDENT CHILDREN -- PROGRAM IS ANOTHER EXAMPLE OF THE FAILURE OF THIS ADMINISTRATION TO UNDERSTAND THE PLIGHT OF THE POOR. THIS, TOO, ADDS TO THE INTERGENERATIONAL TENSIONS.

I DON'T WANT TO TAKE TO MUCH OF THE COMMITTEES TIME BECAUSE I THINK THE ANSWERS TO SOME OF THESE PROBLEMS LIE WITHIN OUR DISTINGUISHED GUEST HERE TODAY, I LOOK FORWARD TO THEIR REMARKS. THANK YOU MR. CHAIRMAN.

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The CHAIRMAN. At this time, I would like to submit for the record prepared statements submitted by several of our colleagues. Hearing no objections, so ordered.

[The prepared statements of Representatives Dan Mica, Mike Synar, Robert A. Borski, Richard H. Stallings, and Helen Delich Bentley follow:]

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PREPARED STATEMENT OF REPRESENTATIVE DAN MICA

I thank the Chairman and the Committee on Aging for holding this hearing. The issue of this hearing, the interdependence of the nation's generations, is important to emphasize because, as we all know, Congress now faces an era of fiscal austerity. When "federal resources"--that is, federal monies available for domestic programs--become scarce, conflict grows over where these resources should go. In the coming years it will be important to remember that an investment in one generation does not necessarily deprive another generation. We all benefit when our nation's elderly are provided with adequate and comprehensive health care; we all benefit when they are financially secure. We all benefit when our children are healthy and educated.

The Chairman made a good point: we should continue to focus on the different conditions--on health-related problems which plague the elderly, and on the nutritional and educational deprivation that characterizes the lives of so many of the nation's young. Despite the necessity of budget cuts, these issues, which often financially and emotionally overwhelm our families, should continue to be our focus.

PREPARED STATEMENT OF REPRESENTATIVE MIKE SYNAR

Mr. Chairman I want to thank you for holding these hearings. It is time to nip in the bud the notion that children and young couples are in competition with senior citizens for limited federal resources. It is simply not true and those who encourage this conflict are doing a real disservice to all Americans who depend on their families.

I am living testimony to the common bond of generations and the importance of families in our society. My family has played an important role throughout my lifetime and is largely responsible for my success today. They encouraged me to take on what seemed an impossible task in 1977 -- running for Congress at age 27. I couldn't have done it without their help.

But my family is not unique. Everyday fathers advise their sons and daughters on careers and help them make important choices. When we are children our parents provide the financial support we cannot provide for ourselves. And to an increasing degree, when we become adults we are providing the financial and/or physical support our elderly parents need during a catastrophic illness. After only 3 months of a serious illness requiring longterm care, 40% of all elderly couples and 70% of all single senior citizens are likely to be impoverished. Families provide the majority of longterm health care in this

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country. Arguing that we must cut back on health care programs for senior citizens so we can redirect funding to programs for children and young families is likely to result in these same groups having to spend more of their budgets on caring for their elderly parents and possibly putting them in a worse financial situation.

There is inequity in our society -- but it is economic not generational. Young children and their parents are in worse shape now than they were just five years ago. This is not the result of increased spending on programs for the elderly; it's the result of a redirection of federal resources away from social programs to defense programs.

The tax cuts in 1980 have shifted income away from low- and middle-income taxpayers to wealthy individuals and corporations. The groups least likely to afford it are actually paying higher taxes now than they were in 1979, while those with high incomes are able to take advantage of tax breaks to reduce their tax liability.

I challenge those who want to pit one generation against another to direct their energies toward improving the condition of all Americans. Instead of cutting programs for the elderly, why not consider redirecting some of the money going into the Pentagon for programs that help all generations. Instead of undermining the social security system, why not consider removing the earnings cap so all workers are treated equitably.

I'm looking forward to hearing the testimony of our witnesses today and thank you again, Mr. Chairman, for holding these hearings.

PREPARED STATEMENT OF REPRESENTATIVE ROBERT A. BORSKI

Mr. Chairman, I want to express my appreciation to you for holding this hearing today. I have watched with great concern recently as a small group of commentators seek to cause a rift between the generations in America.

In January, I read an article in my hometown paper, the Philadelphia Inquirer, which raised the issue of whether older Americans were being unfairly exempted from the budgetary sacrifices that other Americans are being asked to accept. Several other commentators have published similar articles. These writers point to the success of Social Security in eradicating poverty among older persons and raise the question of whether the elderly have become a privileged group in our society.

I think the evidence clearly shows that they have not. Social Security has been a success --- a tremendous success. We should rejoice in the fact that poverty among the elderly is no longer at the appallingly high rates of thirty years ago.

But this does not mean that the elderly have become a privileged group. In fact, relatively more of the elderly live at modest levels of income --- close to the poverty line --- than any other group of American adults. And poverty among the elderly still exceeds the rate among all adults.

The commentators who seek to compare the economic status of older and younger Americans should look to other factors to explain the very real struggles of younger Americans. They should look at five years of budget cuts in programs designed to help children and their parents. They should look at the 1981 tax cuts that benefited corporations and wealthy persons and worsened the burden on lower income persons --- who are much more likely to be either young and just starting out in life or older and already retired from work.

I believe that America should make a commitment to its young in the same way it has to older Americans. It is wrong to try to blame one group of Americans for the misfortunes of another. We

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all share in the great wealth and benefits that our society has produced, and we all agree that we have an obligation to meet the needs of all Americans.

I applaud Chairman Roybal for the leadership and foresight he has shown in convening this hearing. The Select Committee on Aging is moving in a forthright manner to address an issue that has the potential to be very divisive, and it is seeking to frame this debate in a very positive and effective manner. I share my Chairman's deep concern that the false debate over "intergenerational equity" could deflect our attention from the pressing need to devote our resources to meeting the legitimate needs of both the young and the elderly.

Younger and older Americans share their most basic unit: the family. As families, the needs of each will be addressed. Fundamentally, the distinction between the needs of the generations is a false one, because families will always devote the resources they have to meeting the needs of all their members. It is tragic that policy decisions in recent years have begun to erode the commitment government made to meeting the needs of all Americans, and it is even more tragic that some people have tried to make this recent debate a matter of competition between the elderly and the young.

The report of the Gerontological Society of America, released today, is an important contribution to our understanding of the deep connections among families and between the generations. The Aging Committee has taken an important step today by joining in a debate with the promoters of intergenerational conflict. I am confident that in the future our discussions will go forward with a more effective understanding of the common stake that all generations of Americans have in programs that address basic human needs.

PREPARED STATEMENT OF REPRESENTATIVE RICHARD H. STALLINGS

In the aftermath of cutbacks in human resource programs, rising inflation, and a marked increase in poverty rates among children, a notion has emerged that the elderly and the young are in conflict with one another over scarce resources. And that a disproportionate amount of resources are being expended on the elderly at the expense of children and families.

I am concerned that this idea of "intergenerational inequity" fails to recognize the interdependence of all generations and the multigenerational benefits of programs for the old and the young alike. Programs like Social Security and Medicare directly affect the economic security of old and young, and also protect the families on whom they would otherwise depend.

Arguments of inequity belie the fact that for families, the common bond of generations is a fact of daily life. Giving and receiving among families occurs across all generations depending on who has the greatest need at any given point in time.

Further, arguments that the elderly are "well off" and receive a disproportionate share of the nation's resources fail to look at the diversity of elderly income by age group. The median family income of elderly persons is still 42% less than non-elderly median family incomes and the percentage of poor elderly still exceeds the poverty rate of other adults. Added to this is the increased health-related financial risk of the elderly and their families that can force even middle income families to spend down to Medicaid when a chronic illness strikes.

I appreciate this opportunity to explore how the health and financial needs of Americans across the age spectrum are interlocked, and I commend the Chairman for calling this hearing. Certainly, it would seem that policy decisions affecting persons of all ages are best framed from the standpoint of the interdependence of generations.

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PREPARED STATEMENT OF REPRESENTATIVE HELEN DELICH BENTLEY

I AM GLAD TO BE WITH YOU THIS AFTERNOON. THE TOPIC WE ARE ADDRESSING HERE IS ONE OF GRAVE IMPORTANCE TO US TODAY - AND EVEN MORE SO TO OUR FUTURE.

THE POLICIES WE IMPLEMENT TODAY WILL EFFECT THIS NATION FOR GENERATIONS TO COME. NONE OF US WANT TO BREAK DOWN THE MORAL FIBER OF THE AMERICAN FAMILY. -- NONE OF US WANT TO SEE A FUTURE OF BLEAK UNEMPLOYMENT AND POVERTY FOR OUR YOUTH AND ELDERLY. THIS IS WHY TODAY'S HEARING IS OF SUCH SIGNIFICANT IMPORTANCE TO US ALL.

AS A CONGRESSWOMAN, I CAN ALREADY SEE THE HARSH REALITIES OF GRAMM-RUDMAN AFFECTING MY DISTRICT IN MARYLAND. MANY SENIORS STARTED THE NEW YEAR OFF WITH THE NEWS THAT THEIR 1986 COLAs WERE SUSPENDED. DOMESTIC PROGRAMS IN MY DISTRICT ARE LIKEWISE FEELING THE BRUNT OF GRAMM-RUDMAN. ONE AREA ALONE CANNOT AFFORD TO TAKE BRUNT OF THE SPENDING CUTS.

IT IS MY BELIEF THAT TO BRING THE FEDERAL DEFICIT UNDER CONTROL, THE BURDEN SHOULD BE DISTRIBUTED EVENLY BY REDUCING ALL SPENDING PROGRAMS BY SIMILAR AMOUNTS. GRAMM-RUDMAN, AS IT WAS PASSED, PLACES AN UNEQUAL AND UNFAIR LOAD ON THOSE LEAST ABLE TO PROTECT THEMSELVES -- OUR POOR AND ELDERLY.

IN A TIME WHEN SPENDING CUTS MUST BE MADE, WE MUST BEGIN TO LOOK AHEAD AND SEE HOW THE CUTS WE MAKE TODAY WILL AFFECT US TOMORROW.

I ANTICIPATE A VERY INTERESTING DISCUSSION TODAY AND LOOK FORWARD TO HEARING THE TESTIMONIES OF OUR FINE WITNESSES. I WOULD ESPECIALLY LIKE TO WELCOME DR. ERIC KINGSON WHO IS FROM MY HOME STATE OF MARYLAND AND WILL BE TESTIFYING BEFORE US TODAY.

THANK YOU MR. CHAIRMAN.

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An important report is being released today on the interdependence of generations. This report, "The Common Stake: The Interdependence of Generations," prepared by the Gerontological Society of America, is an important statement on the common bond of persons of all ages.

I would like to commend the society and Dr. Eric Kingson, the primary author of the report and one of our witnesses today, for their fine work. I had the pleasure of reading this report last night, and I recommend it to each and every one of you. It is an excellent report. It is released officially by the committee as of this moment.

It is indeed a pleasure, then, to welcome the first witness, Dr. Joseph Giordano, who is a surgeon with the George Washington University Medical Center, and a man that operated on President Reagan following the attempt on his life 5 years ago. I commend you, Doctor, for your success as a physician, for the respect you have earned among your peers. I also commend you for voicing your commitment to Government programs that protect old and young alike through editorials following the assassination attempt, and for your testimony which you will be giving today. You may proceed, Doctor, in any manner that you may desire.

STATEMENT OF JOSEPH GIORDANO, M.D., GEORGE WASHINGTON UNIVERSITY HOSPITAL, WASHINGTON, DC

Dr. GIORDANO. Thank you.

I welcome the opportunity to address you, Mr. Chairman, and this committee on the topic of investing "Investing in America's Families—The Common Bond of Generations." I welcome it because it allows me to acknowledge publicly a personal and common debt.

The success I have today and the life I enjoy now is in no small part due to the efforts of my parents who sacrificed so much to give me an education. But there is another side to me. I am an American, a part of a community and a member of my own generation. I publicly acknowledge the common debt to those retired Americans who worked so hard to make this country what it is. Thanks to their efforts, my generation inherited a better nation. Because of this, we owe them a debt of gratitude. It pleases me to see reports that the senior citizens of today are for the most part doing well, thanks to Federal programs to which we all contribute. If it takes my tax dollars to enhance their life through Social Security and Medicare, so be it. They have earned it and they deserve it. And, I see it as an investment in my own and my children's future.

The priorities of senior citizens when they were working and in command helped my generation in many ways. I will give two examples. They invested in the future by having the foresight to elect a government that supported medical education and research. In the past 30 years we have witnessed an explosion in medical knowledge unlike anything ever experienced before. This growth in knowledge is directly related to the generous Federal funding of basic and clinical research. As a third year medical student 20 years ago, I remember observing patients admitted to the hospital following heart attacks. Our form of treatment was bed rest and observation. Today, patients are admitted to a coronary unit in

which every heart beat is monitored. With sophisticated technology we can evaluate precise anatomic and physiologic cardiac problems that are then treated with advanced medical and surgical techniques. It is clear that all generations have benefited from these developments.

The elderly generation also gave us Medicare and Social Security. I can relate closely to Medicare. My major area of interest is vascular surgery. Since vascular disease predominantly affects the elderly, most of the patients I treat are on Medicare. Quite commonly, patients have as their only asset a Social Security card and Medicare eligibility. With this, however, they can receive excellent medical care in a fine hospital by a physician of their choosing, retaining the dignity that they deserve. They are not a financial burden to their children. I can remember a time when such care was available only to those with good financial resources. The unfortunate others went to large impersonal wards in underfunded city hospitals.

My own father has undergone two major operations in the past 6 years funded by Medicare. If he had to pay for these himself he would have eliminated a good part of his savings, hurting his well-deserved retirement. I, perhaps, could have paid for these procedures, but neither of us could have handled a catastrophic illness. Remember that I am in the upper income category. What about the majority of Americans who do not have my financial resources? My father was not a financial burden to me and I can assure you that this is the way he wants it to be. I rest comfortably knowing that my parents' future, personal security and medical needs will be taken care of. My own financial resources can then be directed to the education and well-being of my own family.

And so there is continuity: one generation supporting the generation that preceded it while developing the generation that comes after it, who in turn will support them. All generations are economically and emotionally interdependent, each one a part of the whole.

The retired generation gave us more. They gave us a sense of idealism, encouraging us to look beyond ourselves. We were told by a young President who, if he were alive today, would be over 65 years of age, to "Ask not what your country can do for you, but only ask what you can do for your country." People joined the Peace Corps, became involved in civil rights, were willing to confront the ugly facts of poverty, and more importantly, committed resources to fight it. I see a different attitude today. Looking out for No. 1 appears to be the main theme. Self-interest predominates. We are told to forget the Federal budget and think of the family budget, glossing over the effects that order of priorities has on people of all generations who are not as fortunate as we are and need help. Could you imagine that today some people are actually questioning the allocation of resources to the elderly because it means less for them? That is how far we have come since the days of Camelot.

I am not so naive as to think that people don't pursue their own self-interest. I also believe that the best people are those who wake up in the morning thinking of something else besides themselves. Senator Hubert Humphrey said that a society will be judged by the

way it treats its poor, its elderly, its sick, and its children. We will be judged some day. We must remember the common bond that exists between all generations, between all people in this great country of ours. When someone hurts, we hurt; when someone else needs, we need. We are all linked together. What we do for others, we do for ourselves and our children. We are one Nation, under God, indivisible.

I appreciate the opportunity of addressing this committee and would be pleased to answer any questions that you might have.

The CHAIRMAN. Thank you, Doctor.

[Editorial submitted by Dr. Giordano follows:]

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SOUTHERN ILLINOIS
LABOR TRIBUNE
ST. LOUIS, MO.

Reagan challenged on cutbacks by doctor who saved his life

The surgeon who saved President Reagan's life after the 1981 assassination attempt added a postscript to a story the President related in a vote courting speech to the National Italian-American Foundation.

The grandfather of Dr. Joseph M. Giordano was an immigrant from Italy, the President noted. The doctor's parents had "struggled to make ends meet" and sacrificed to send their son to college and then to medical school. "Because of their diligence, the son became a prominent surgeon in a great hospital."

It was that son of a milkman, Reagan said, who one day saved the life of a President of the United States.

Then, with an eloquent pause: "I know this story because I was the patient."

Giordano, who heads the trauma team at George Washington University Hospital, acknowledged the President's tribute in an article in the Sept. 18 Los Angeles Times.

"I know the story too, because I was the doctor," he said. And while he appreciates the President's tribute to the immigrant virtues of hard work and strong family ties, "there is another part of the story," Giordano stressed. He continued:

"The government social programs enacted over the last 50 years — and so frequently criticized by this President and his Administration — have played a vital role in making this success possible. Although my father bore the brunt of the expense, I received low interest government loans to help finance part of my medical school education. Many colleagues of mine received even greater government assistance in their education.

"And my profession, stimulated by generous federal funding for biomedical research, has made unprecedented progress in diagnosis and treatment of disease in the last 30 years.

"In contrast to the President, who feels that government programs make people so dependent that they lose initiative, I feel that these programs have enabled people with little resources to reach their full potential.

"These programs are so numerous it would be impossible for me to mention them all. They range from Head Start to housing for the elderly. My parents enjoy a deserved retirement helped by social security, and my father has more than once benefited from the Medicare program.

"Even the civil rights legislation of the 1960s, although primarily designed to guarantee equal rights for blacks, has aided Italian-Americans and other ethnic and racial groups by making discrimination not only illegal but also socially unacceptable.

"It is to be hoped that the President will recognize that millions of other Americans possess the same potential as Italian-Americans. Some will make it on their own. Others will need help. I hope that the government will not abandon the commitment that has meant so much to me and my family."

The CHAIRMAN. The Chair now recognizes Mr. Humphrey Taylor, the president and chief operating officer of Louis Harris & Associates, Inc. Will you please proceed, Mr. Taylor, in any manner that you may desire.

STATEMENT OF HUMPHREY TAYLOR, PRESIDENT, LOUIS HARRIS & ASSOCIATES, INC., WASHINGTON, DC

Mr. TAYLOR. Mr. Chairman, Congressmen, I am very honored by this opportunity to appear before your committee to discuss the significance of public opinion in relation to issues of potential intergenerational conflict.

I would like to stress that I am not here as an advocate for or against any particular policy, program, or position. I will merely present evidence on the existence, or the nonexistence, of conflicting attitudes of the young and the old to the programs and policies of the Federal Government.

The hypothesis of intergenerational conflict is, superficially, at least, a rational one. Young and old have different needs and different problems, and benefit or suffer disproportionately from the results of different Government actions. It might well be, therefore, that each generation would support programs of which they are the immediate and direct beneficiaries, and oppose programs of which other generations are the obvious beneficiaries.

To test this hypothesis, I have looked at the results of the last 20 surveys conducted by the Harris firm, which have measured attitudes to Federal Government policies which, more than most others, directly benefit either older or younger Americans. If the hypothesis of intergenerational conflict was a vlaid way of analyzing public opinion, we would find older people strongly supportive of programs such as Medicare and Social Security, with young people cool or downright hostile to such programs. Conversely, young people would be strong supporters of Federal Government spending on education, student loans, and health programs for women and children, while older people would be cool or hostile to these programs.

Having looked at a great deal of data, and not just Harris data, but data from a variety of other survey research sources, I must report conclusively that this hypothesis of intergenerational conflict is absolutely invalid. Of course, there are differences in the replies of different generations to almost all questions. However, on the issues on which this hypothesis of intergenerational conflict must stand or fall, the balance of attitudes in all generations invariably comes down on the same side.

It is true that on most issues the young are somewhat more supportive of programs targeted directly at them, while other people tend to be more supportive of programs targeted at them. Indeed, if this were not the case, you might reasonably question the reliability of the survey results. But the crucial finding is that in each and every case there is agreement—not disagreement—among majorities of the different age groups.

There is only time today to give you a few examples. I will, therefore, mention only the most recent occasions on which we have polled four important and representative issues. In each case

I will compare the attitudes of the oldest group, people over 65, with those of the youngest, people under 30.

First, Medicare. In February, last year, we measured public support for a range of policies for reducing the Federal deficit.

People over 65 were opposed to increasing monthly premiums for Medicare coverage of doctors' bills—that is Medicare B—by 61 to 32 percent. So were young people, people under 30, by 54 to 42 percent. People over 65 were opposed to increasing the deductible for Medicare coverage of doctors' bills by 65 to 29 percent. So were people under 30, by an almost identical 64 to 32 percent.

Next, the issue of Social Security. In August, last year, we measured attitudes to freezing the Social Security cost-of-living adjustment, or COLA, for 1 year. People over 65 opposed the freeze by 60 to 28 percent. So did those under 30, albeit by a smaller 52 to 44 percent majority.

While on the subject of Social Security, I should mention two other important findings of the many surveys on this subject.

There is a strong consensus in all age groups that the Social Security system must be kept strong so that it is alive and well when those who are only young today need it.

However, there is real doubt that this will be the case. Notwithstanding the recent positive report of the trustees, most people believe that it is quite likely that the Social Security system will go bust.

Next, education. In January of this year, we asked a national cross-section of Americans their opinions on cutting Federal spending on education and student loans. Young people, those aged under 30, opposed such cuts by 79 to 20 percent. So did people over 65 by a smaller, but still a substantial 62 to 34 percent. And in earlier surveys in which we asked separately about aid to education and student loans, we also found majority agreement among the younger and older people supporting Federal Government spending and opposing cuts.

The fourth issue: Federal Government health programs for women and children.

In January 1986 we found that people aged 18 to 30 opposed cutting these programs by 90 to 10 percent—by 9 to 1. People over 65 opposed such cuts by a smaller, but still massive 72 to 25 percent.

Ths intergenerational consensus is not confined to areas of Government spending. It encompasses other areas of legislation with differential impact on different generations.

You may recall the surveys that the Harris firm conducted some years ago on the issue of mandatory retirement, which Lou Harris presented to this committee. Large majorities of all age groups, the young and the old, were always opposed to mandatory retirement for people who are capable of, and wanted, to continue working. I believe that it was this public support from all generations—this intergenerational consensus—which ensured a quick and relatively easy passage of the law abolishing mandatory retirement for most people at the age of 65.

Incidentally, this issue of mandatory retirement highlights an interesting difference between American and most European attitudes. In this country most people oppose mandatory retirement at any age, in part, because of the assumption that if more people can

work, more people will do so and, thus, the economy and, ultimately, everybody will benefit. In other words, a rising tide lifts all ships and generations.

In Europe, public opinion is somewhat less optimistic, believing in a kind of zero-sum total of jobs. Surveys in several European countries have shown support for actually lowering the mandatory retirement age below 65 in the belief that this would create more jobs for the young. However, here in these United States, I can find no significant examples where the public divides on generational lines on issues of such specific generational interest.

One argument sometimes heard which epitomizes the concept of intergenerational conflict is that today's baby boomers bear an unfair burden in support today's elderly, and that this is doubly unfair because they are, in many cases, less well off than their parents when their parents worked.

This turns out to be yet another null hypothesis. A recent survey by the Conference Board found that 74 percent of men and 70 percent of women under 35 reported that they were doing as well as or better than their parents were doing at their age. And people aged 35 to 44 were even more positive; 89 percent of men and 83 percent of women thought they were in as good or better financial shape than were their parents at the same time in their life cycles.

In parenthesis, I should stress that I do not wish to give the impression that young and older people always agree about everything—far from it. On many issues, particularly those relating to values, ethical standards and life styles, their opinions differ rather profoundly. Private and personal behavior, which is acceptable to many young people, is often much less acceptable to older people.

But when it comes to issues of Government programs and legislation affecting those in different stages of the life cycle in different ways, intergenerational consensus, not intergenerational conflict, is the rule.

Thank you.

The CHAIRMAN. Thank you, Mr. Taylor.

The Chair now recognizes Ms. Mary Bourdette, Director of Government Affairs, Children's Defense Fund. You may proceed in any manner that you may desire.

STATEMENT OF MARY BOURDETTE, DIRECTOR, GOVERNMENT AFFAIRS, CHILDREN'S DEFENSE FUND, WASHINGTON, DC

Ms. BOURDETTE. Thank you, Mr. Chairman.

On behalf of Marian Edelman and the Children's Defense Fund, I just want to express our appreciation for the fine work of this committee and particularly for today's hearing focusing on investing in the American family.

As you know, today, I am viewing the American family from the perspective of children and the common interest we all have in investing in children and in their development into healthy and self-sufficient adults.

The family has been, and remains, the very backbone and strength of this country, and family tradition is one that cuts across all of our racial, ethnic, religious, economic, and even political boundaries. Stemming from this tradition is also a very long

history of investment in our families and a partnership between government and families.

As adults we must invest in children, not only because it is our moral obligation to do so, but because investment in children is an intergenerational compact that protects our future security as well. Children need help during the 18 years it takes them to reach adulthood and then we turn to these children for help and support during our older age and retirement. Their contribution and strength will be required, not only to shoulder the massive national debt we have accumulated so recently, but for insuring the adequacy and integrity of our Social Security system, our Medicare system, and the many other governmental programs that are helpful to all of us.

Investment in children is also a practical necessity. We no longer, in this country, have any margin for waste of human capital. In 1950, there were 17 workers for every retiree. By 1992, there will only be three workers for every retiree. Children are, therefore, a very scarce and precious resource. They are not only tomorrow's future workers and taxpayers, but they are our future leaders, artists, and scientists. America needs every child we have to support its increasingly aging population and to lead this country into the 21st century.

Despite the stake of all us in the development of strong and healthy children, American children and their families are in very serious trouble right now. After adjusting for inflation, the median income for all families with children is lower now than it was in the 1970's. More and more families are classified by our Government as poor. And not only have the number of families in poverty increased tremendously, but those families are poorer as well.

We should certainly be proud of the progress we have made in substantially reducing poverty among the elderly, but we should certainly be shamed by the unconscionable poverty among the children of this country. Children are now the poorest age group in America. More than one out of every five children who live in this country is poor, with even greater rates of poverty among various groups of children.

Child poverty has multiple causes. We have heard a lot about economic recovery in this country and yet the economic recovery has done little, unfortunately, to lift the numerous children who were brought into poverty under the most recent recession.

At the rate of improvement that took place in 1983 and 1984—and if there were no more recessions—we estimate it would take 30 years—an entire generation—to get the number of poor children back to the level it was in 1979, and that was, of course, an already intolerable level.

Children are increasingly poor even if their parents work. More and more parents are struggling to support their children and, yet, very low wages, minimum wages that have not been increased since 1980, and reduced Government support for working poor families, keep them in poverty and make it more and more difficult for them to adequately provide the necessities for their children.

Another cause of child poverty is obviously the changing demographics among our families. We have an increasing number of single-parent families headed by women, and we have never had a

time in this country when the average woman could earn sufficiently to support her children.

Children in single-parent families headed by very young mothers, mothers under 25, are almost guaranteed a life in poverty.

But finally, and perhaps most tragically, children are in poverty in this country because of the substantially declining support of their own government for their needs. More than $50 billion has been slashed from programs for poor children and families over the last 5 years. Virtually no program essential to children and youth has escaped the budget knife. We have had cuts in health care, in child care, in food and nutrition, in education, in jobs and employment training.

The decline of Federal assistance has not only crippled the efforts of families to escape from poverty, but it has made living in poverty a much more harsh existence for America's children. Increased child poverty coupled with reduced Federal dollars has meant less health care, worse nutrition, less education, more homelessness and greater despair, as opportunities and options are foreclosed to more and more of our children.

Study after study documents the increased suffering and deprivation among the young and vulnerable in this country. American children and their families may suffer even greater at the hands of our most recent budget policies. The Gramm-Rudman bill threatens to cut between $4 and $5 billion in additional funds from programs for children in fiscal year 1987.

The President has come up with another alternative. He proposes to cut between $6 and $7 billion out of programs that have already been slashed by more than $50 billion.

We believe that the budget policies of the last 5 years have torn shreds in our family fabric and that it is more than time to chart a new budgetary course—a course that invests in children and families, that does not pit old against young, urban against rural, but rather, invests in all of our families, and recognizes the common needs among them. All of us must band together and chart a new budgetary course.

We believe that wise investment in the Nation's children is the best place to start, and that initially, as a society, we must address child poverty. We have finally made great strides in reducing poverty among the elderly and we still have a way to go; but we have yet to make any concerted effort to similarly reduce poverty among our Nation's young.

There are many programs that are helpful both to young children and to the elderly that require a much greater investment of our Federal dollars. We sometimes forget that age specific programs benefit whole families, not just the participants. For example, in 1984, almost 5 million children lived in households receiving Social Security or Railroad Retirement benefits, and several hundred thousand households headed by persons over 64 received AFDC. More than 10 million children, but over 1 million persons over 64, lived in households that received food stamps; and over 2 million elderly were added to the close to 10 million children who received Medicaid assistance in 1984.

The Head Start Program, a program we often associate with young children, has perhaps provided more jobs to elderly poor who wish to work than any other program in history.

These programs recognize the common needs between old and young. It is time to move forward with them and make the commitment to our families and to our children and to our elderly that this Nation requires if we are going to prosper and remain strong in the 21st century.

I would be willing to answer any questions you have, and I hope that my longer testimony would be entered in the record.

Thank you.

The CHAIRMAN. Thank you. Without objection, your entire testimony and that of every witness will be included in the record in its entirety.

[The prepared statement of Ms. Bourdette follows:]

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PREPARED STATEMENT OF MARY BOURDETTE, DIRECTOR, GOVERNMENT AFFAIRS, CHILDREN'S DEFENSE FUND, WASHINGTON, DC

I. Introduction

On behalf of the Children's Defense Fund, I want to express our appreciation for the work of the Select Committee on Aging and particularly for today's hearing on investing in the American family. As Martin Luther King, Jr. explained,

> Family love not only educates in general but its quality ultimately determines the individual's capacity to love. The institution of the family is decisive in determining not only if a person has the capacity to love another individual but in the larger social sense whether he is capable of loving his fellow men collectively. The whole of society rests on this foundation for stability, understanding and social peace.

The family has been and remains the very backbone and strength of our country. Family tradition extends into all our communities, and is a bond understandable to all, stretching across racial, ethnic, religious, economic, regional and political boundaries. Stemming from this tradition is a long history of partnership between family and government -- a partnership based on investments in our children, our youth, our elderly, our families, and our future. Investment in the development of healthy and educated children ensures the self-sufficient, creative and productive adults and families our country requires.

As adults we must invest in children, not only because we are morally obligated to do so, but because investment in children forms an intergenerational compact that protects our own future security. Children need help during the 18 years it takes them to reach adulthood. But we will later turn to these children for support during our retirement years; their contributions and strength will be required to shoulder our massive national debt; ensure the adequacy and integrity of our Social Security, Medicare and other critical government programs; and lead this country into the twenty-first century.

Investment in children is also a practical necessity. Our nation no longer has any margin for waste of human capital. In 1950, there were seventeen workers for each retiree. By 1992, there will only be three workers for each retiree. And between 1986 and 2035, the number of workers available to support one Social Security recipient could decrease by half. Children are a scarce and precious resource. They are tomorrow's workers and taxpayers, its leaders, artists, teachers and scientists.

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America needs every child -- every potential Abraham Lincoln, George Washington Carver, Barbara Jordan and Henry Cisneros -- to support its increasingly aging population and maintain its strength and leadership in the world.

II. Children in Poverty

Despite the stake of all Americans -- young and old, rich and poor, urban and rural -- in strong and healthy children and families, American children and their families are in serious trouble. The median income of all families with children is lower now than it was in the 1970s. More and more families are classified by their own government as officially poor. And not only has the number of families with children in poverty increased, but the poor have become poorer. Thirteen million of America's children now live in poverty, and in 1983, 42.2 percent of them lived in families with income below one half the poverty line (or $7969 for a family of three, and $5089 for a family of four).

We should all be proud of the progress we have made in substantially reducing poverty among the elderly in this country, but we should be shamed by the unconscionable poverty among our young. Children are now the poorest age group in America. More than one out of every five children in America are poor and:

- Nearly one out of every four children under six is poor.
- One out of every five children aged six to seventeen is poor.
- Almost two out of every three poor children are white.
- Nearly half of all black children in America are poor.
- Nearly two out of every five Hispanic children are poor.
- More than half of all children in female-headed families are poor.
- One out of eight children in two-parent families is poor.

III. Causes of Child Poverty

Child poverty has multiple causes. Despite an economic recovery, children are poor because of economic downturn and depression-level parental unemployment. The much-touted economic "recovery" has done little to mitigate the recent surge in child poverty. Only 210,000 children were lifted out of poverty in 1983 and 1984, two years of economic recovery, a

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fraction of the 3,146,000 who had fallen into poverty from 1979 to 1982. The child poverty rate still is higher than at any time since the early 1960s. A rising tide does not lift all boats, and the smallest boats are awash. At the rate of improvement that took place in 1983 and 1984, and assuming we suffer no more recessions, it would take thirty years -- a generation -- to get the number of poor children back to the levels of 1979, levels that were even then intolerable.

Children are increasingly poor even if their parents are fortunate enough to find employment, because employment is no longer a guarantee against poverty in the America of the 1980s. More and more parents are struggling to support their children through work -- yet low wages and reduced government support keep them poor.

The plight of the working poor has worsened significantly in recent years. The failure to adjust the minimum wage even for inflation since 1981 prevents many working parents from earning enough to escape poverty. A full time minimum wage job in 1986 pays $6700 -- 75 percent of the poverty level for a family of three. In addition, our federal government has imposed a large and growing federal tax burden on families already struggling on poverty level wages. A family of four earning poverty level wages in 1986 will pay between 10 and 12 percent of its meager earnings in federal taxes alone, up from 2 percent in 1979. Moreover, few low-paying jobs provide basic health insurance coverage or other benefits for workers or their children. Finally, parental efforts to support children through work have been further hindered by the decrease or withdrawal of essential health, nutrition and basic income support benefits.

Despite widespread support for family economic independence, the prospect for self-sufficiency through employment is greatly limited. We no longer live in an America in which very young men can earn enough to support a family, and we never had an America in which the average single woman with children could earn a decent wage at any time in her life.

The growth of single-parent families has added to child poverty as children become poor because of changing family demographics. Since 1975, the number of children living in female-headed families has increased 20%. Today, one in five of all children lives in a single-parent, female-headed household. Over half of them are poor. Children in single-parent families headed by young mothers under 25 are almost guaranteed a life in

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poverty. Seventy-two percent of young, female-headed white families, and 85 percent of young female-headed black families are poor -- and the children of these families are five times more likely to be poor than children in two-parent families.

Female-headed young families, particularly those headed by teens, are a particularly vulnerable segment of our population. Teen parenthood and child poverty are closely linked and create an increasingly costly problem -- for the children, for the parents and grandparents who must often help with support, and for society as a whole. As we deal with families, we cannot ignore the alarming problems of teenage pregnancy and parenthood.

Finally, and most tragically, children are poor because of declining support from their federal government. Fifty billion dollars has been slashed from essential federal programs for children and families in the last six years. Few critical programs or services escaped the budget knife, as massive reductions were made in Medicaid, maternal and child health programs, child immunizations, Aid to Families with Dependent Children, food stamps, school lunches and breakfasts, public housing, compensatory education, day care and many, many others.

While Congress now recognizes that repeatedly slashing survival programs for poor children and families is both unfair and short-sighted, children nevertheless continue to lose ground in the federal budget. Even budget freezes lead to reduced assistance. At a time when millions of additional children are poor and in need of help, fewer and fewer are being provided support by the federal government. For example:

- In FY 1984, Medicaid served virtually the same number of children that it served in 1978, even though the number of children in poverty had increased by one-third. Expenditures on behalf of each recipient child have dropped sharply from $470.91 in FY 1979 to $406.08 in FY 1983 (in constant 1983 dollars).

- Compensatory education programs served only 52 students for every 100 poor school aged children in 1984, compared to 75 per 100 in 1979.

- The Summer Youth Employment Program provided job opportunities to only 750,000 youth last year, compared to one million in 1981.

- In 1984, AFDC served only 55 of every 100 poor children, compare to 75 of every 100 in 1978. In 1983, the average monthly benefit payment per family was 65% of the level 15 years earlier (after adjusting for inflation).

Programs for children and families are further threatened by the recent budget proposals. While the new Gramm-Rudman legislation protects some key programs for the young, many are

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left vulnerable. Gramm-Rudman slashed more than $1 billion from critical programs for children and families on March 1. Further implementation of Gramm-Rudman, or adoption of the President's newest budget proposals, will only further diminish federal assistance to children and families -- weakening them and all of us in the process.

IV. The Impact of Budget Cuts

The decline of federal assistance has not only crippled the efforts of families to struggle out of poverty, but it has made living in poverty even harsher for America's children. Increased child poverty coupled with fewer federal dollars has meant less health care, worse nutrition, less education, more homelessness and greater despair, as opportunities and options are foreclosed to those most in need. Study after study reveals greater suffering and deprivation among the young and vulnerable in this country.

- The impact of massive cuts in Medicaid, the most important public health program for poor pregnant women and children, as well as for the elderly poor, has been devastating on the health and well-being of our nation's children.

- Deaths among infants aged 28 days to one year rose three percent nationwide between 1982 and 1983. Provisional data indicate another 6 percent rise in the postneonatal mortality rate in the 12 month period ending November 1984. Moreover, between 1982 and 1983 the postneonatal mortality rate among black infants -- those babies most likely to be born into poverty -- increased five percent, the first reported increase in black postneonatal mortality in 18 years.

- States report 1.7 million children abused and neglected in 1984, an increase of over 40 percent since 1981.

- In a study issued in 1985, the Physicians Task Force on Hunger in America reported finding widespread hunger among poor children in all geographic areas it studied.

- Children account for more than 20 percent of the homeless in shelters (not including runaway shelters), according to a recent HUD study. The U.S. Conference of Mayors report on hunger and homelessness found 66 percent of the homeless in New York City shelters were families with children. Families made up more than 40 percent of the homeless in Chicago and Boston. Eighty-five percent of the cities surveyed reported increasing numbers of homeless families with children.

- Over 40 percent of black youths were unemployed in January of 1986, and over 27 percent of Hispanic youths were unemployed in November of 1985. The overall teen unemployment rate was higher in January of 1986 than after the last big recession.

- The decline of overall infant mortality rates (deaths between birth and one year) has slowed markedly. The rate of improvement

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averaged approximately 3 percent per year between 1981 and 1983, the slowest rate in 18 years -- and provisional data indicate that infant mortality continues to decline at a slowed rate.

- The percentage of infants born at low-birthweight also increased slightly nationwide between 1982 and 1983. Again, for white infants, this represented the first such increase in 18 years. Low birthweight babies are 20 times more likely than normal weight babies to die in the first year of life.
- More women are getting late or no prenatal care, and fewer are getting early prenatal care. After a decade of progress in this area, 1983 was the third year in a row that progress diminished, despite the clear relationship between prenatal care and the birth of healthy babies.

Large budget cuts in already meager federal child and dependent care efforts have likewise taken their toll on American families. Child care is essential if parents are to work to support their families, yet state after state reports decreased availability of these essential services. The impact of these cutbacks has been extremely painful. In order to remain at work, many parents have moved their children to less familiar and often less supportive child care arrangements. Some desperate parents are leaving young children to care for themselves, or keeping older siblings out of school to care for younger brothers and sisters. Some parents have had to return to the welfare rolls to avoid these untenable options.

The large budget cuts in the Social Services Block Grant have also hurt many American families with an equally pressing need for adequate care for elderly dependents. It is estimated that 78 percent of women age 40 or over have a surviving mother. The potential for parent care responsibilities has been steadily increasing since 1920, when there were 76 elderly for every 100 middle-aged persons. Today, there are 180 elderly for every 100 in middle-aged groups. While relatives can provide assistance to minimize costly institutional care, adequate support is not available to families who want to take on the responsibility of home care.

American children and families may suffer even further under the FY 1987 federal budget. While Gramm-Rudman threatens to cut between $4 and $5 billion from programs essential to the growth of strong and healthy children, the President's budget proposes once again to send children and families to the frontlines of the newest deficit reduction war. It is a budget that demands further sacrifice of American children, proposing to cut more than $6 billion, or 8 percent, from federal programs essential to their development into productive, self-sufficient adults.

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Despite the nationwide increase in postneonatal mortality and low birthweight babies, and the related drop in the provision of essential prenatal care, the President's FY 1987 budget calls for further reductions in key maternal and child health programs, including a $1.2 billion cut in Medicaid, and a $3 million cut in Immunizations.

Though black teenage unemployment has reached depression levels, and thousands of welfare mothers want to work, the President's budget proposes to slash Job Corps funds by 45 percent and cut the Summer Youth Employment program by 35 percent, eliminating summer jobs for more than 325,000 teens. The President's budget proposes to completely eliminate the Work Incentive Program (WIN) for welfare mothers, and cut back further on child and dependent care programs.

Even lifelines to food, shelter, and basic protective services are proposed for cuts, including over $1 billion in Food Stamps, AFDC and Child Nutrition; over 20 percent from programs for abused and neglected children and deep cuts in emergency food and shelter and housing programs.

The President charms the nation with his pro-family rhetoric while designing budget policies that sap family strength and stability. The President's budget proposes to cut another $33 billion in federal support for children between 1987 and 1991, while adding another $385 billion to the already bloated Defense Department during this period. Under these budget priorities, by 1990, every American would be spending 21 percent less on poor children and 58 percent more on the military than we did in 1980.

The budget policies of the last six years have torn our family fabric to shreds, produced deficits of catastrophic proportions, and weakened our national and international economic standing. They are creating a new American apartheid between rich and poor, white and black, government and needy, corporation and individual, military and domestic, and have left millions of poor children to the wolves of hunger, homelessness, abuse and even death.

The time is long overdue to chart a new national and budgetary course -- a course that recognizes the common needs among the old and young, and the important interdependence between family and government. We must all band together on a new course of investment -- in families, and in a future for our children and our nation.

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V. Investment in Children

Wise investment in our nation's children is the best investment for our nation's future. Initially, as a society we must confront child poverty. We have finally made great and necessary strides in reducing poverty among the elderly. We have yet to make a long-term concerted effort to eliminate poverty among children. Selective investment in preventive, cost-effective programs is the place to start.

Because people live together in families, certain programs that benefit one age group also benefit others. We sometimes forget that age-specific programs help whole families, not just the participants. For example, in 1984 almost five million children lived in households receiving Social Security or Railroad Retirement income, and several hundred thousand households headed by persons over 64 received AFDC assistance.

Many social welfare programs help both children and the elderly. In 1984, 10.3 million children and over a million persons over 64 lived in households that received Food Stamps assistance. Medicare too is not just for the elderly -- not only are young workers covered by its disability provisions, but the youngest recipient of end-stage renal disease coverage is an infant under the age of one! 9.4 million children and over two million elderly (not including those in nursing homes) lived in households receiving Medicaid assistance in 1984. And the Head Start program probably created more jobs for the elderly poor who wished to work than any other program in history.

These federal programs recognize the common needs of old and young. Budget policies that save a few dollars now but cost more later make no sense, while investments in children are morally, practically and economically sound. For not only can these investments make us all stronger, they can save scarce federal resources in these times of budgetary restraint. Study after study reveals the savings generated by investments in prevention. Every dollar invested in comprehensive prenatal care, for example, saves over $3 in reduced health care costs in the first year alone of an infant's life. That same dollar saves up to $11 in total medical expenses over the child's lifetime. Every dollar invested in Head Start returns $7 in reduced public expenditures and increased public receipts by program participants. Every dollar invested in the Women, Infants and Children Supplemental Feeding Program (WIC) saves as much as $3

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in short-term hospital costs, and much more over the long term. Every dollar invested in the Job Corps saves society $1.46.

We simply cannot afford budget policies that leave unserved 82 percent of the children who need Head Start, more than 60 percent of the mothers and babies who need WIC, and 24 percent of the pregnant women who lack early prenatal care. We cannot afford budget policies that squander billions upon billions on the military and allow profitable corporations to go untaxed while children and families are weakened. America's future depends on strong and healthy children, productive and self-sufficient families and secure elderly.

It is time to restore our commitment to family, make the investments necessary to help all families become self-sufficient, and ensure that all children grow up healthy, educated, and with a job in their future. As a nation, we know the way, but we need the will. We must recognize our common bonds, the intergenerational compact upon which we all depend, and the shared stake we have in the future.

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The CHAIRMAN. The Chair now recognizes Dr. Eric Kingson. Please proceed in any manner that you may desire.

STATEMENT OF ERIC KINGSON, PROJECT DIRECTOR AND PRIMARY AUTHOR OF THE GERONTOLOGICAL SOCIETY OF AMERICA'S REPORT, "THE COMMON STAKE: THE INTERDEPENDENCE OF GENERATIONS," AND PROFESSOR, UNIVERSITY OF MARYLAND

Mr. KINGSON. Thank you, Chairman Roybal.

Chairman Roybal and distinguished members of the Select Committee on Aging:

It is a privilege to be here today to present findings from the Gerontological Society's first report on emerging issues on aging.

The Gerontological Society of America is the national scientific organization of over 6,000 researchers, educators, and other professionals in the field of aging.

With your permission, I would like to submit for the record, along with my formal testimony, the summary of the Gerontological Society's report entitled "The Common Stake: The Interdependence of Generations." The full study will be published later this year.

The CHAIRMAN. Without objection, that will be the order.

[See Appendix 1, p. 79 for report submitted by Mr. Kingson.]

Mr. KINGSON. Thank you.

Both the summary which we are releasing today and the full report highlight the importance of properly framing the policy debate concerning the future of our aging society and both warn of the consequences of doing otherwise.

Since today's hearing is about the common bond of generations, I will focus my remarks on an approach to public policymaking that is based on the recognition that the interdependence of all generations is at the very root of the continuity and progress of society.

I would like to begin by noting that in order to adequately frame issues associated with the aging of America, it is important to understand several things. First, it is important to understand that America is aging—the demographics of which the members of this committee are well acquainted.

Second, it is important to understand that the aging society is both a success and a challenge. We have done some things right as a society that have resulted in more people reaching old age and a better quality of life in old age. And we have a challenge which includes not only responding to the needs of future generations of the elderly and today's generation, but doing that within the context of responding to the needs of persons of all ages.

Third, it is important to understand that the outstanding characteristic of the elderly, now and in the future, is their diversity.

Fourth, it is important to understand that relationships between generations are characterized by interdependence and reciprocity. It is the reciprocity of giving and receiving that occurs over the lives of individuals and generations, which is the bond of interdependence which links the members of society and the members of families together.

Fifth, it is important to understand that the quality of life at all ages is related to prior experiences. That is not a remarkable observation, but it has some implications which are those who are concerned with the field of aging, of course, have to be concerned with a person's needs throughout the life course.

Sixth, it is important to understand that the future can be shaped by the choices we make today.

The interdependence of generations approach to public policymaking is based on an understanding of these facts about the aging society.

First, while acknowledging that the aging of the population will create problems and will require new policy responses, this approach views the aging society as a success—the result of a series of intergenerational exchanges over the centuries.

Second, it assumes that private and public intergenerational transfers are essential to social progress.

Third, it emphasizes that economic growth and advances in research and education can shape the future.

Fourth, it emphasizes the importance of thinking broadly about how policies directed at any one age group may affect all age groups.

Fifth, it suggests that in an interdependence and aging society, all generations have a common stake in family efforts and public policies that respond to the needs of persons of all ages.

In fact, a recognition of the role of the family in transferring resources is critical. The family is perhaps the major mechanism through which transfers are made. As an example: one researcher at the Urban Institute estimated that in 1981 it cost approximately $82,000 for the typical American family to raise our children to age 18. Similarly, many resources are transferred in caring for disabled persons of all ages.

Fifty years ago, the framers of our Social Security Act understood that the generations are interdependent. They understood that by providing cash benefits to older family members, Social Security, frees up younger and middle age family members to concentrate more financial resources on their children. They understood that by enabling family members to partially protect themselves from major financial risk, Social Security stabilizes family and community life.

The framers of Social Security had faith in the future, believing that each generation would, in turn, benefit from Social Security as they aged.

In a similar vein, an understanding of the interdependence of generations leads to the conclusion that younger generations have two important stakes in programs such as Social Security and Medicare which assists the elderly to maintain a decent qualify of life. First, such programs relieve young families of financial burdens and intrafamily stresses.

Second, younger people will be served by these programs when they become old.

This same understanding leads to the conclusion that the elderly, their advocates, and other adult age groups, have a stake in social policies targeted at children and youth.

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As discussed in our report, an approach to public policy based on the understanding of the interdependence of generations, leads to the following conclusions:

First, advocates for the elderly should be as concerned about the quality of life for the future elderly generations as they are about the quality of life for the current elderly.

Second, advocates for the elderly and others concerned with preparing for the retirement of the baby-boomers have a special responsibility to support policies that respond to the needs and aspirations of the many poor and near poor children in America—21 percent of the Nation's children are poor. That is intolerable for a variety of reasons.

Third, persons of all ages, especially those in middle age, have a stake in social policies that support and enhance the ability of families to provide care, including care to children and care to disabled family members.

Fourth, the benefits of Social Security and programs like Medicare are distributed widely across all generations, and Social Security and Medicare provide rational, dignified, and stable means of protecting against certain risks to economic well-being to which all individuals and families are subject. In short, Social Security is a family policy.

Today, as the Nation prepares to meet the challenge of the aging society, it is time to build once again on an understanding of the interdependence of generations.

It is time to turn away from approaches to social policy which would pit Americans of different ages against each other.

It is time to recognize that to have needs is a common rather than an isolated experience, and to understand the common stake that each individual and each generation has in society's response to need.

And it is time to have faith in a future which will be a little better for our children, precisely because we choose to maintain, and in some cases expand, public policies that enhance the dignity and the ability of families and individuals in responding to the needs of persons of all ages.

Thank you for the honor of appearing before you.

The CHAIRMAN. Thank you, Doctor.

[The prepared statement of Mr. Kingson follows:]

PREPARED STATEMENT OF ERIC KINGSON ASSISTANT PROFESSOR, UNIVERSITY OF MARYLAND SCHOOL OF SOCIAL WORK AND COMMUNITY PLANNING; AND, FORMER DIRECTOR, THE GERONTOLOGICAL SOCIETY'S PROGRAM ON EMERGING ISSUES IN AGING*

Chairman Roybal and distinguished members of the Select Committee on Aging, it is a pleasure to be here today to present findings from The Gerontological Society's first report on emerging issues on aging. My name is Eric Kingson. I am an assistant professor at the University of Maryland's School of Social Work and Community Planning and, until recently, director of The Gerontological Society's Program on Emerging Issues in Aging. The Gerontological Society of America is the national scientific organization of over 6000 researchers, educators, and other professionals in the field of aging. The Society, through its membership and programs, is involved with the development and application of knowledge to all aspects of human aging.

With your permission, I would like to submit for the record, along with my formal testimony, the summary of The Gerontological Society's report entitled, The Common Stake: The Interdependence of Generations (A Policy Framework for an Aging Society). The full study will be published later this year by Seven Locks Press of Cabin John, Maryland. The full study was prepared with the advice of a Steering Committee of scholars, chaired by Professor Marjorie Cantor, and a National Advisory Committee, chaired by Monsignor Charles Fahey, also composed of distinguished members that include Congressman Roybal; Humphrey Taylor, President of Louis Harris Associates, who is also here today; as well as Peggy Lampl, the Executive Director of the Children's Defense Fund, represented at this hearing by Mary Bourdette, CDF's Director of Governmental Affairs.

Both the summary which we are releasing today and the full report highlight the importance of properly framing the policy debate concerning the future of our aging society and warn of the consequences of doing otherwise. The summary identifies what needs to be known about our aging society to properly frame the policy debate, and it discusses two approaches to framing this debate--one based on the concept of "intergenerational inequity" and the other on the concept of the "interdependence of generations."

Since today's hearing is about the common bond of generations, I will focus my remarks primarily on the policy framework that is based on the understanding

* This testimony draws on a report of The Gerontological Society of America entitled, The Common Stake: The Interdependence of Generations (A Policy Framework for an Aging Society). The views expressed in this report are those of the authors--Eric Kingson, assistant professor University of Maryland School of Social Work, Barbara Hirshorn, research associate with The Gerontological Society, and Linda Harootyan, director of information with The Gerontological Society--and not necessarily those of the members of the Steering Committee or National Advisory Committee, nor are they the official position of The Gerontological Society or other organizations with which the authors are associated.

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that the interdependence of all generations is at the very root of the continuity and progress of all members of society. But first, let me briefly summarize the "intergenerational inequity" framework and our reasons for rejecting it as a viable approach to policy making.

Intergenerational Inequity: Summary of Critique and Conclusions

The intergenerational inequity approach frames issues in terms of competition and conflict between generations. Whether by design or inadvertance, this approach carries pessimistic views about the relationship between generations and the implications of an aging society, leading to the conclusions that policies and programs for the elderly are unfair, burdensome to future generations, and result in intergenerational conflict. Thus, it asks how programs such as Social Security and Medicare can be cut.

While seemingly neutral in approach and possessing an intuitive appeal (after all, who can be against equity?), analysis in our report indicates that the intergenerational inequity framework is based on narrow understandings of equity between generations as well as of who benefits from programs directed at particular age groups. Moreover, the analysis shows that this approach relies on negative stereotypes of the elderly as well as numerous misunderstandings of the implications of an aging society. As discussed in the report, we believe that application of this concept to the policy process could lead to negative social outcomes, including the promotion of conflict between generations, the undermining of social progress, and a diminution of the care-giving functions of the family.

Our analysis has led us to conclude that, at best, the framing of issues in terms of conflicts between generations is based on a misunderstanding of relations between generations and distracts attention from more appropriate ways of examining important social issues (such as the high rate of poverty among children, the need to prepare for the retirement of the baby-boom generation and the federal deficit). At worst, it is a cynical and purposely divisive strategy put forth to justify and build political support for attacks on policies and reductions in programs that benefit all age groups.

Now let me turn to discussing the interdependence of generations approach--how it emerges from an understanding of the aging society, how it recognizes that all generations have a common stake in family efforts and programs that respond to the needs of people of all ages, and the implications of applying this approach to the policy process.

Understanding the Aging of America

In order to adequately frame and analyze issues associated with the aging of America, it is important to understand

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1) America is Aging. As the members of this Committee well know, the elderly population is expected to increase rather dramatically, from, for example, 29 million persons today to 65 million by 2030. And the numbers of very old persons are growing at an even more rapid rate, with, for example, persons aged 85 and over expected to increase from 2.7 million today to 8.6 million in 2030.[1] Certainly, changes of this size will require new responses from both the public and private sectors.

2) The Aging Society is Both a Success and a Challenge. It is a success because more people are living longer and the quality of life in old age is generally better than that of previous generations. Much of this progress can be attributed to public and private investments in successful public policies, successful research, education and public health programs, and in economic growth--in short, to advances made by present and past generations in addressing problems across the entire life course.

It is a challenge because with the growth of the elderly population there is a need to ensure (and in some cases improve) the economic well-being of the elderly, to reduce or delay the onset of chronic illness, to provide humane care to those requiring ongoing assistance, and to provide opportunities for the elderly to make productive contributions to society. This challenge is occurring at a time when the Nation is experiencing serious federal and international trade deficits and very high rates of poverty among its children. Consequently, the challenge of the aging society includes, but extends far beyond, concerns related to the quality of life for the elderly. It also involves improving the quality of life for all members of society. And at its root, it is linked to the need for economic growth and for the full use of the nation's productive capacities, including the growing potential of an aging population to contribute to the economy.

3) The Outstanding Characteristic of the Elderly, Now and in the Future, is their Diversity. Stereotypes of the elderly--as either all rich or all poor, all healthy or all ill, all retiring voluntarily or all retiring involuntarily--are inaccurate and do not provide a realistic basis for policy making. The elderly population is actually composed of many different groups, of vastly different ages, with many different needs.

4) Relationships Between the Generations are Characterized by Interdependence and Reciprocity. The amount and type of resources individuals give and receive vary throughout their lives, generally in the following pattern: 1) in childhood individuals mainly receive resources; 2) throughout the young adult and middle years, individuals usually give more than they receive; and 3) in later years--particularly in advanced old age--individuals increasingly receive resources, but often still give them as well. Many of

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these exchanges take place within the family and some through public programs such as Social Security and public education. This reciprocity of giving and receiving which occurs over the lives of individuals and generations is .pa the bond of interdependence that links the members of families and society together. It is a primary means by which the needs of all members of society are met.

5) Quality of Life at All Ages is Related to Prior Experiences. The life course perspective, rather than simply focusing on one moment in time (e.g. childhood or old age), examines individuals and cohorts and their needs throught their entire lives. Consequently, it implies that quality of life in old age for current and future generations of the elderly is shaped by policies directed at all age groups, and that each generation is affected by policies that shape its well-being at all points in the course of life. In short, this perspective points to the risks involved in focusing narrowly on the momentary interests of any particular generation or age group.

6) The Future Can Be Shaped by Choices Made Today. The aging of the population is a direct result of research, education, and investments, all of which have changed the shape of the Nation's population from what could have been projected at the start of the century. Indeed, economic investments, labor force policies, investing in research to prevent or treat chronic ailments, all have the potential to shape the aging society.

The Interdependence of Generations Framework

The interdependence of generations approach is based on an understanding of the aging society. While acknowledging that the aging of the population will create problems and require new policy responses, this approach begins with the view that the aging society is a success, the result of a series of intergenerational exchanges over the centuries. The framework assumes that private and public intergenerational transfers are central to social progress and that economic growth and advances in research and education can change the shape of the future.

The approach recognizes the heterogeneity of age groups within the U. S. population, evaluates the costs and benefits of social policies primarily over time rather than at one moment in time, and stresses the importance of understanding who--indirectly as well as directly--pays for and who benefits from social policies. It emphasizes the importance of thinking broadly about how policies directed at one age group may affect all others--at any given point in time and over time--as these groups age. And it suggests that in an interdependent and aging society, all generations have a common stake in family efforts and public policies, or intergenerational transfers, that respond to the needs of people of all ages.

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From this point of view, intergenerational transfers are not limited to government programs and public policies that transfer income and in-kind services (e.g. Social Security, public education) between generations. These transfers also include private transfers (such as the care-giving that occurs within families) and societal transfers (such as economic growth, knowledge and technology).

To consider only transfers resulting from public policies and to overlook the role of the family and other private means of transferring resources between generations would be to miss a major way that generations assist each other. For instance, Thomas Espenshade, of the Urban Institute, estimates that the parents of "the typical child in middle . . . are likely to spend $82,400 to rear a child to age 18" (in 1981 dollars).[2] And James Morgan, an economist at the University of Michigan, estimates the value of care-giving and other transfers within the family to have been $709 billion in 1979, the equivalent of 30 percent of the gross national product. Morgan concludes that "the family is by far the most important welfare or redistributional mechanism even in an advanced industrial country like the United States with extensive public and private income maintenance programs."[3] Similarly, there is much gerontological research indicating that, contrary to myth, families, not the government or social agencies, provide the great bulk of supportive services to the functionally disabled elderly.[4]

The Implications of the Interdependence Framework

Fifty years ago the framers of our Social Security Act understood that the generations are interdependent. They realized that "old age pensions are in a real sense measures in behalf of children".[5] They understood that

- By providing cash benefits to older family members, Social Security frees up younger and middle-aged family members to concentrate more financial resources on their children.
- Social Security stabilizes family and community life by enabling family members to partially protect themselves from major financial risks.

And the framers of Social Security had faith in the future, believing that each generation would, in turn, benefit from Social Security as they aged.

Thus, an understanding of the interdependence of generations leads to the conclusion that younger generations have two important stakes in programs such as Social Security which assist the elderly to maintain a decent quality of life. First, programs which assist their grandparents and parents to remain as autonomous as possible relieve younger families of financial burdens and intra-family stresses. And second, younger people will be served by these programs when they become old.

And this understanding leads to the conclusion that the elderly, their advocates and other adult age groups have a stake in social policies targeted at children and youth. First, they all benefit directly and indirectly from educa-

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tion, training, and health programs which help increase the productivity of the future workforce. Second, it is in their political interest to avoid a politics that pits generation against generation.

As discussed in our report, an approach to public policy based on an understanding of the interdependence of generations also leads to the following conclusions:

- Advocates for the elderly should be as concerned about the quality of life for future elderly generations as they are about that for the current elderly. Since quality of life in old age is largely related to circumstances throughout a person's life, advocates for the elderly have a special responsibility to give active support to policies designed to improve the opportunities for and the income and health status of people of all ages, not just the elderly.

- In particular, for both humanitarian and practical reasons, advocates for the elderly and others concerned with preparing for the retirement of the baby boomers have a special responsibility to support educational, health, employment, and income policies that respond to the the needs and aspirations of the many poor and near-poor children in America. Failure to do so could undermine the future productivity of these children and reduce the quality of life for the baby boomers during their retirement years.

- Because the family is generally the preferred source of care and because care-giving can be a major source of family stress, persons of all ages--especially those in middle-age--have a stake in social policies that support and enhance the ability of families to provide this care.

- The benefits of Social Security are distributed widely across all generations, and Social Security provides a rational, dignified, and stable means of protecting against certain risks to economic well-being to which individuals and family members are exposed over the course of their lives.

- Because of the interdependence of generations, it is erroneous to think of Social Security as a one-way flow of resources from young to old, or of education as a one-way flow from adults to children.

Today, as the Nation prepares to meet the challenge of the aging society, it is time to build once again on an understanding of the interdependence of generations, both within the family and society. It is time to turn away from approaches to social policy which would pit Americans of different ages against each other. It is time to recognize that to have needs is a common rather than an isolated experience and to understand the common stake that each individual and each generation has in society's response to need. And it is time to have faith in a future which will be a little better for our children, precisely because we will choose to maintain, and in some cases expand, public policies that enhance the ability of families and individuals to respond to the needs of persons of all ages.

Endnotes

1. U. S. Bureau of the Census, Projections of the Population of the United States, by Age, Sex, and Race: 1983 to 2080, Current Population Reports, Series P-25, no. 952, (Washington, D.C.: U. S. Government Printing Office, 1984), 2-9.

2. Thomas J. Espenshade, Investing in Children: New Estimates of Parental Expenditures (Washington, D.C.: The Urban Institute Press, 1984), 3.

3. James N. Morgan "The Redistribution of Income by Families and Institutions and Emergency Help Patterns," in Analyses of the First Thirteen Years of the Panel Study of Income Dynamics, vol. 10 of Five Thousand American Families: Patterns of Economic Progress, ed. Greg J. Duncan and James N. Morgan (Ann Arbor, Mich.: Institute for Social Research, University of Michigan, 1983), 16.

4. Elaine M. Brody, "Parent Care as a Normative Family Stress," The Gerontologist 25 (1); Marjorie Cantor and Virginia Little, "Aging and Social Care," in Handbook of Aging and the Social Sciences, ed. Robert H. Binstock and Ethel Shanas, 2d. ed. (New York: Van Nostrand Reinhold Co., 1985).

5. Report of the Committee on Economic Security, 1935.

The CHAIRMAN. The Chair now recognizes Mr. Paul Hewitt, president of the Americans for Generational Equity. Please proceed, Mr. Hewitt, in any manner in which you may desire.

STATEMENT OF PAUL S. HEWITT, PRESIDENT, AMERICANS FOR GENERATIONAL EQUITY

Mr. HEWITT. Thank you for having me here, Mr. Chairman.

I would like to associate myself with the remarks of Mary Bourdette of the Children's Defense Fund. I would also like to associate myself generally with the remarks of Eric Kingson.

As you know, Americans for Generational Equity is very concerned with the subject of investing in families.

As a society, Americans have not assigned a high enough priority to investing in our younger, childbearing families, or to promoting the kind of values that strengthen families.

Neither are we making the kinds of long-term investments in our economy that will serve the interests of today's children in the competitive world economy of the next century. In fact, there is much evidence that we, as a society, are disinvesting in our factories, our public infastructure, our environment, our children's education and welfare, and, by extension, our Nation's future.

Part of the problem is governmental. Federal priorities are in many ways destructively oriented toward the short term. Faced with tradeoffs between the interests of present and future voters, Congress and the administration have systematically resorted to borrowing against the future wealth and incomes of those who cannot yet register an objection through the political process. The recent string of $200 billion-plus deficits is only the tip of the iceberg.

Yet we are also witnessing a disturbing tendency among all adult age groups to emphasize self-fulfillment over family responsibility and sacrifice. Pollster Daniel Yankelovich, in his 1981 study on the changing attitudes during the 1970's, concluded that, "today's parents expect to make fewer sacrifices for their children than in the past." In his survey he found:

Nearly two-thirds of all American parents—63 percent—reject the idea that parents should stay together for their children's sake.

A similar majority—66 percent—feel that "parents should feel free to live their own lives even if it means spending less time with their children."

An almost equal number of parents—63 percent—endorse the view that they have the right to live well now and spend what they have earned, "even if it means leaving less to their children."

But the new emphasis on self-fulfillment extends not simply to parents, but to grandparents as well. According to a pamphlet put out by the 20-million member American Association of Retired Persons, the older generation is "putting into practice the credo of 'living for today!' They are spending on self-fulfillment now—hedonism versus puritanism—rather than leaving large sums behind."

Mr. Chairman, America is experiencing a crisis in its family values, as we increasingly seek to divest ourselves of responsibility for the younger generations and their future. This crisis finds ample expression in our political culture. Today, the most powerful

social policy lobbies in Washington are organized not to benefit the poor at the expense of the rich, but rather, to benefit one generation—the elderly—at the expense of all others.

Mr. Chairman, the Children's Defense Fund doesn't advocate more public spending on rich and well-to-do children. Many responsible advocates for the elderly, such as the Gray Panthers, also focus exclusively on improving the condition of the poor. These are worthwhile causes and deserve strong intergenerational support. The effect of their advocacy is not to pit the interest of one generation against the other.

Now, during my tenure as staff director of the Senate Subcommittee on Intergovernmental Relations—the subcommittee that had jurisdiction over Federal lobby regulation—I became increasingly dismayed at the extent to which organized special interests could drown out the voices of the unrepresented.

I came upon the idea of Americans for Generational Equity after realizing that the young are the least represented of all groups. They don't vote. They don't contribute to election campaigns or join special interest groups. And they don't influence policy. I have come to the conclusion that behind Congress' across-the-board shortsightedness is the sad fact that the downwardly mobile generations who will inherit today's debts, disinvestment and unfunded liabilities are in this position precisely because they are unable to protect their own interests politically.

Let me give the committee a couple of examples of just how downwardly mobile our younger generations are:

Since 1973, the after-tax incomes of families headed by persons age 25 to 35 declined nearly 19 percent, despite a dramatic increase in the percentage of two-earner families.

Between 1979 and 1984, the poverty rate for children increased by an absolutely astounding 50 percent; 40 percent of all Americans living in poverty are children.

In 1984, a mortgage on the median home cost 44 percent of the average 30-year-old's paycheck, compared to 21 percent in 1973, and 14 percent in 1960.

Clearly, America's young, childbearing families are much worse off than those two decades ago. They are the first generation in the history of this country not to experience the American dream of upward mobility.

With the average young couple in America unable to afford a home and a family on one income, fertility has plummeted. Demographers now predict that as many as one-third of all women born during the 1950's will not have children. They say that the baby boom will be the Nation's first generation to fail to reproduce itself—a prospect with potentially catastrophic implications for this massive generation's retirement.

Americans for Generational Equity was set up to draw attention to these trends, and to act as a national conscience when tradeoffs between America's short- and long-term interests come before the public. We were established on the theory that once America's voters of all ages comprehend the growing economic gulf between the generations, they will want to become part of the solution.

Mr. Chairman, there are indeed profound injustices and inequities in the way we allocate between present and future. But unlike

the struggles of rich versus poor, big business versus the consumer, white versus black, and left versus right, the adversarial model should not apply in the debate over generational equity. We are not talking, after all, about members of competing special interest groups with little else in common. We are talking about members of families, and members of communities, and of a great Nation who have a common stake.

Thank you very much.

[Material submitted by Mr. Hewitt follows:]

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Modern Maturity
Our prospects are excellent

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The Maturity Market of the '80s–

50 & over people...

They've got clout!

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50 & over people...

• Clout in Numbers—over 59 Million Adults

Strong interest in the 50 & Over market stems in part from its magnitude. Sheer numbers of consumers in the mature age groups are most impressive — over 59 Million adults, who now represent 1 out of 4 Americans.

Actually, the 50 & Over population is greater than the combined population of 20 of our 50 states ...greater than the combined U.S. Black and Hispanic population... and greater than the total population of Canada.

• Clout in Diversity

Commensurate with its size, is the diversity of 50 & Over people. They range from top executives to blue collar craftsmen...from working women to homemakers... from early retirees to late retirees... and to a host of other dissimilar segments. The mature market is not a single entity, but is heterogeneous in composition.

Age alone is not sufficiently differentiating to reveal marketing opportunities in the 50 & Over group. It takes familiarity with lifestyles, behavior patterns, and other characteristics to develop meaningful segmentations of the mature market to tap its potentials successfully.

• Clout in Households—over 28 Million

Another index of the maturity market dimension is — the over 28 Million households headed by persons 55 & Over, which represents one-third of total U.S. house-

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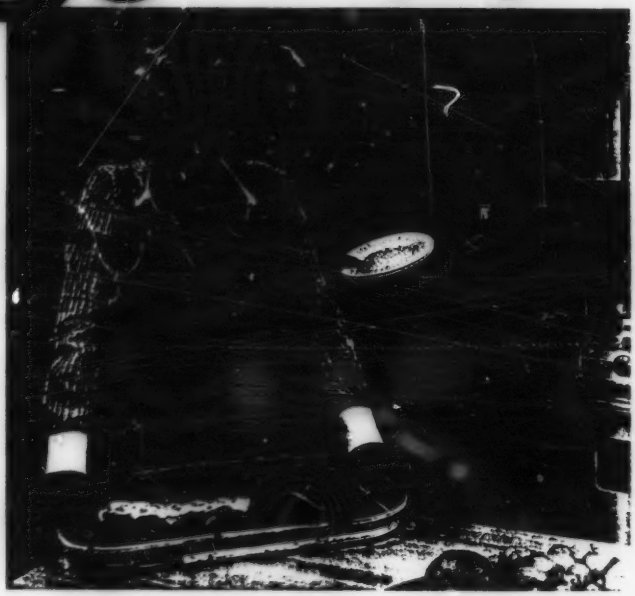
50 & over people...



Pride in Age

"I want to be the best 50 & Over person I can be."

One of the most striking trends in the mature market is the change in attitudes on aging by society and 50 & Over people. Today, there is increased pride in age.

People aren't nearly as sensitive about growing older as in prior years. Now, 50 & Over people are striving to be their *best* – best in health...best in looks...best in work...best in all the activities in which they participate.

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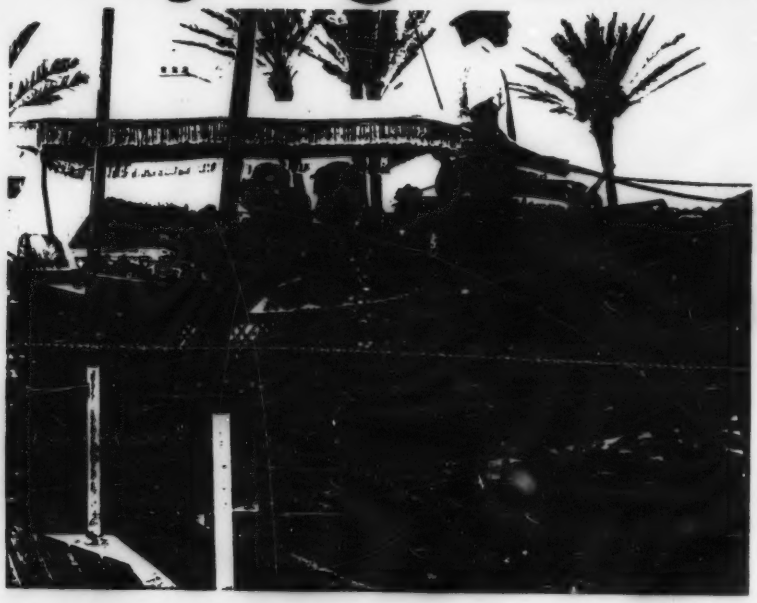
They've got clout!



Living for Today!

As a result of new attitudes of 50 & Over people to be their *best*, there has been a dramatic change in spending and consumption patterns.

50 & Over people are putting into practice the credo of "Living for Today"! They're spending on self-fulfillment *now* (Hedonism vs. Puritanism), rather than leaving large sums behind.

This is obviously not an abandonment of sensible financial retirement planning, rather a new lifestyle of active participation in the good things of life.

hedonism quote

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They've got clout!

holds. Mature households control over 28% of discretionary income. They are major buyers of a variety of products and services—from automobiles to appliances...from home furnishings to foods and beverages...from health care to leisure and travel.

Contrary to popular belief, most persons 55 & Over continue as heads of their own households. Few live in institutions...few live with children. Older persons who head their own households have grown dramatically in recent years—a trend likely to continue during the next two decades.

• Clout in Dynamic Growth

The 50 & Over group is growing at a rate twice that of the total U.S. population. They are the dynamic growth segment in the market profile of the '80s and beyond.

Currently, at over 59 Million Mature adults, demographers forecast the 50 & Over population will exceed 70 Million by the year 2000...a 25% growth rate vs some 15% for the 18-49 age group.

• Clout in Income and Spending

When viewed on a per capita income basis (household income divided by household members), the 50 & Over group reveals a high income profile and spending pattern that makes it one of the most affluent consumer markets in the U.S. today.

U.S. Dept. of Commerce reports show that households headed by 50 & Over people have twice the discretionary income of their younger counterparts—30¢ per dollar earned vs. 15¢ for household heads under 35 years.

50 & Over people enjoy life and spend more! Most mature consumers are working and earning peak incomes. Average household size is down, most mortgages are paid, and the children are grown.

Freed from many financial constraints, 50 & Over people are able and ready to buy. And, their spending patterns are most impressive making them a major force in consumer marketing.

• Clout in Buying Power

The economic power of 50 & Over people is compelling. In fact, they account for better than 25% of all U.S. consumer expenditures.

For example, 55 & Over households account for:

- 40% of health care spending
- 30% of food consumed at home
- 25% of cosmetics and bath products
- 25% of alcoholic beverages

Spending patterns on other product categories by 55 & Over households substantiate their clout as active buyers. They account for:

- 41% of coffee purchases
- 37% of over-the-counter drugs
- 30% of room air conditioners
- 30% of power lawn mowers
- 29% of washing machines
- 26% of automobiles
- 22% of microwave ovens
- 21% of stereos

In addition, they are prime consumers for services—travel and leisure...financial...and personal care. Their tremendous buying power and diverse needs offer unlimited marketing opportunities which cannot be overlooked.

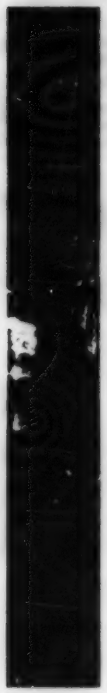
• Clout in Brand Decisions

50 & Over people are experienced consumers who know what they want to buy. They exhibit strong brand loyalty to products and services that perform as promised. They are less fad-oriented...less likely to buy because of peer group pressures.

Yet, mature consumers are flexible in their buying decisions. They are receptive to new products and services which satisfy the needs of mature lifestyles, and provide added convenience. They are open to trial.

Marketers can effectively appeal to 50 & Over people by supplying cogent "reason why" and demonstrations of product/services superiorities.

They've got clout!



Affluent...Aware... Active Buyers with over $500 Billion to spend.

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Affluent, Active Buyers
50 & Over People
Our prospects are excellent.

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The CHAIRMAN. Thank you, Mr. Hewitt.

The Chair now recognizes Congressman Synar to start off the questioning.

Mr. SYNAR. Thank you, Mr. Chairman.

Mr. Hewitt, I enjoyed your last remark. You said,

> But unlike the struggles of the rich versus poor, big business versus the consumer, white versus black, and left versus right, the adversarial model does not apply in the debate over generational equity.

Now, your organization claims that it is not trying to create a conflict between generations, but only trying to warn of its potential; is that correct?

Mr. HEWITT. I think to put an even more subtle spin on it, we are trying to get the information out there.We are simply trying to make people a little bit smarter—in some cases, the people who are on the receiving end of Social Security benefits—about the problems of affecting the younger generation.

Mr. SYNAR. Is this your pamphlet?

Mr. HEWITT. Yes. We have warned about the conflict in that pamphlet.

Mr. SYNAR. You have warned about it. You open this up and it says "Indentured Servants."

Mr. HEWITT. Will we include that in the record?

Mr. SYNAR. You in the pamphlet, "We are raising a generation of young Americans who will live in financial slavery."

Mr. HEWITT. Yes, sir.

Mr. SYNAR. Do you think that this is creating harmony between the generations?

Mr. HEWITT. No; I don't think it is. And, frankly, I have never been really comfortable with that brochure.

Mr. SYNAR. So your group really isn't trying to keep these generational conflicts from happening, are they?

Mr. HEWITT. Let me answer the first question.

I have never been particularly comfortable with that particular brochure. We have not circulated it widely. We had a consultant—a very expensive consultant put it together. But I think it makes a great deal of sense to warn the older generations—not today's older generations, but tomorrow's older generations—that there is a danger and conflict with the declining dependency ratio, with the increasing national debt, with the declining investment in our children, with the fact that there is a growing underclass that will one day compete with the baby boom generation for social benefits, with the fact that there will be fewer workers supporting this large underclass and this very large baby boom generation in retirement. All of these facts could point to a day when, if the baby boom generation were to rally behind the irresponsible cry of senior power and to turn its interests against the interests of the future young——

Mr. SYNAR. Mr. Hewitt, let me interrupt you here. You are going right back to your testimony again. You also added to your testimony in this brochure by AARP called Modern Maturity.

Mr. HEWITT. Yes, sir.

Mr. SYNAR. In there you quote that the buying power of 50 and over—25 percent on cosmetics, 25 percent on alcoholic beverages,

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30 percent on air-conditioners, 30 percent on power lawn mowers, 29 percent on washing machines.

Mr. HEWITT. Age didn't put that brochure out, but——

Mr. SYNAR. Did you not add this to your testimony? Was this not added to your testimony to support the myth that those in the 50-and-older bracket are doing a lot better than ever before; that they are wealthy?

Mr. HEWITT. As a matter of fact, there is a quote there, I think page No. 5, that we wanted to substantiate. We included the AARP brochure so that people would see the evidence that the older generation itself—or at least the people who purport to represent them—say that their interest is in "fulfillment now" and not "leaving anything behind;" in that they are choosing "Hedonism versus Puritanism." Those aren't my words.

Mr. SYNAR. Let me ask you about that, because I think it suggests that you are trying to create this myth that they are wealthy.

Is it true that for two-thirds of the people on Social Security today—that is the majority of their income?

Mr. HEWITT. Let me go back and answer your last question first.

Mr. SYNAR. No; let me ask you the question. This filibuster is not going to cut it.

Is it true that for two-thirds of the people on Social Security—it is the majority of their income?

Mr. HEWITT. I suspect you are asking because you know the answer.

Mr. SYNAR. I think that is correct.

Is it true that for one-third of that two-thirds on Social Security—it is their total income?

Mr. HEWITT. Congressman Synar——

Mr. SYNAR. Is it true, I am just asking?

Mr. HEWITT. Then it is, if you are saying so.

Mr. SYNAR. Is it true that a Medicare recipient today pays more out in medical costs than they did prior to the creation of Medicare?

Mr. HEWITT. Why don't you answer that since you seem to have the answer.

Mr. SYNAR. That is correct.

Mr. HEWITT. Thank you.

Mr. SYNAR. The reason I ask you these questions and present this to you is that I think I, along with other members, are offended by your organization. I am offended because I think you are using the confusion, the misinformation, the lack of information, with respect to the aging statistics and population out there to attack a problem by trying to create a conflict where a conflict doesn't exist.

What we have in this country and what you are trying to generate is a false debate between the haves and the have-nots—the baby-boomers versus the elderly. I think what we have here is the potential for a fight between the haves and the have-nots. This is something that we in Congress need to recognize, and people like you are trying to change the focus of debate.

The reason that you are trying to tie yourself to the Children's Defense Fund is not meritorious.

Mr. HEWITT. You haven't asked me a question that you wanted me to answer. If this is your statement, that is fine, but I would be happy to defend myself if you give me a moment.

Mr. SYNAR. This is my statement. Thank you, Mr. Hewitt.

Mr. HEWITT. I don't agree with anything you have said about what our organization is doing.

Mr. SYNAR. Let me have that brochure again.

Is this your brochure?

Mr. HEWITT. Mr. Chairman, could we enter that brochure in the record?

The CHAIRMAN. Without objection, it will be in the record; yes.

Mr. HEWITT. Thank you.

[The brochure follows:]

Like the indentured servant of yesteryear, today's family must sell themselves into slavery to buy passage into the America of tomorrow.

Since 1972, the after-tax, real incomes of young families like this one have *declined* by nearly 19%.

When the infant pictured here reaches middle age, he could pay up to 41% of his payroll check (*before* taxes) to fund Social Security and Medicare benefits for his parents.

It will cost America's young families an extra $1 *trillion* dollars to replace the highways, bridges and other public facilities that today's public officials have neglected.

The young married couple pictured here was recently forced to borrow from their parents to make the downpayment on a small house. No wonder. Fifteen years ago, families making 26% *below* the median income could afford an average house. Today, a family must make 29% *above* the median income to afford the same house!

By the time the little girl at left reaches junior high she will be in hock to the tune of $18,000, her share of the National Debt. Over her lifetime, she will have to pay over $100,000 in *extra* taxes to service a debt that she didn't create.

Are you willing to let short-term solutions and pork barrel politics sell the American family into financial slavery?

Indentured Servants

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Americans for Generational Equity

Take your grandfather to the barn and wrap him in the best horseblanket we have," the man told his son. "That way he will be as comfortable as possible until he dies."

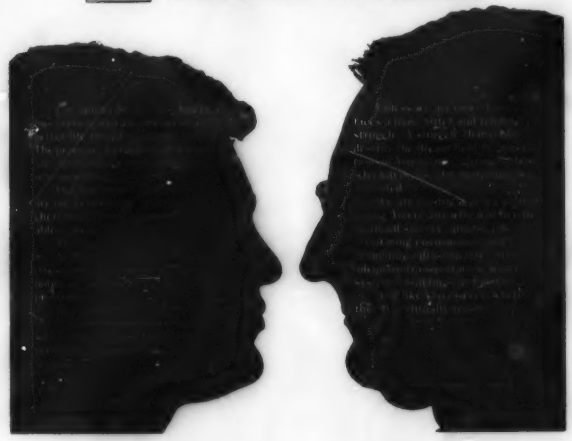
With tears in his eyes, the child did as he was told, except...

...having selected the farm's best horseblanket, he tore it in half. He used one part to swaddle his beloved grandfather but set the other part aside. The man was furious when he learned what his child had done. "What sort of boy would put his own grandfather out to freeze with only half a horseblanket?" he shouted.

"But father," the child replied, "I am saving the other half for you."

—Medieval Folktale

A Broken Promise



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Americans for

Generational

Equity

Americans for Generational Equity

Americans for Generational Equity (AGE) is a non-profit membership organization dedicated to grassroots public education.

Its purpose is to protect the future of all Americans against a government too easily swayed by short-term "fixes" and organized special interests.

Membership is open to all generations. Because AGE does not seek to create another political group fighting for a share of the pie. It seeks, instead, to forge a coalition of patriotic Americans willing to make hard choices about their nation's future.

Goals

The purpose of AGE is to make sure our children and grandchildren have the opportunity for success, freedom and happiness that Americans have always enjoyed.

Specifically, our goals are:

1. To encourage greater participation in the political process among young people;

2. To *eliminate* the federal budget deficit;

3. To ensure that each generation has a fair and secure retirement;

4. To represent the concerns of future generations in forging government policy.

Activities

To achieve its goals, AGE pursues the following activities:

- *AGE Policy Forums* – free-wheeling workshops in which AGE invites a range of special interest groups to *think twice* about the generational impact of their political agendas. The purpose is to define common goals and forge compromises in the interest of future Americans.

- *Of Age* – a hard hitting monthly newsletter which reveals vital research findings, keeps a wary eye on Washington, and discloses how congressmen and senators vote on issues of importance to future generations.

- *The Resource Center on Generational Equity*—America's first research foundation designed to study the impact of federal legislation on future generations.

- *National Citizen Education Campaign*—a nationwide media campaign to bring the issues of generational fairness to public attention.

Membership

Membership in AGE is open to any American who is concerned about the problem of fairness between the generations. We welcome:

- **Students and Young People** who face the possibility of growing up in a bankrupt economy, a spoiled environment and a condemned infrastructure;

- **"Baby Boomers" and Young Professionals** who may never lead lives as comfortable as their parents, since high taxes and eroded buying power frustrate their ability to provide for the future;

- **Middle-Age Americans** who, after years of paying into the system, fear the promise of a secure retirement won't... or can't... be kept;

- **Older Americans**, raised in the Depression, who remain concerned for their own security, but who also care about the future of their country and children and grandchildren.

All members of AGE receive a membership kit, periodic citizen surveys and the free monthly newsletter, *Of Age*. Your membership contribution is tax deductible.

[ ] Yes, I support your efforts to promote fairness between the generations and to guard the American dream for our children and grandchildren. I want to become a member of AGE. I enclose:

[ ] $20 (Basic annual membership)

[ ] $10 (Student annual membership)

[ ] $ _____ (More, if you can)

[ ] Visa [ ] MasterCard

Card Number:

[ ] I would like to learn more about AGE.

Name: _____

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City: _____

State: _____ Zip: _____

Clip this coupon and mail it with your contribution to: AGE, 415 D Street, N.E. Washington, D.C. 20002

Mr. SYNAR. Is this your brochure?

Mr. HEWITT. Yes; it is our brochure.

Mr. SYNAR. Does this not say "Indentured Servants" on it?

Mr. HEWITT. I think we ought to be very concerned about the future of those little kids in making sure that this Congress is not indenturing them through budget deficits—$16 trillion in unfunded liabilities, according to the U.S. Treasury.

Mr. SYNAR. My point was that your testimony says you are not trying to create a generational conflict. Does this not suggest that you are?

Mr. HEWITT. But most of our members are either your age or older, Mr. Synar. They are not people who are interested in causing generational conflict. They are concerned about that generation which we have—maybe improperly—labeled potential indentured servants. Yes; that is our brochure.

Mr. SYNAR. You answered your question.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mrs. Schneider.

Mrs. SCHNEIDER. Seeing as how I have already eaten lunch, I am not about to consume the witnesses.

Mr. HEWITT. Thank you.

Mrs. SCHNEIDER. I have a rather tame question to present to the witnesses. It seems to me that, at least the first four of you, provided us with a series of truisms, and that leads me to ask the chairman why are we gathered here today?

I think that there can be, on a rational basis, very little disagreement that we are all in this together. And whether we be young or old, and regardless of our income or regional roots, we have to work toward equity no matter what it takes.

But it seems to me that we are not really discussing here the root of the problem of intergenerational conflict, and I think that it goes beyond the Federal Government—the focus that seems to be emphasized here.But when we look at the situations that we were just discussing, for example, with the children, and the poverty among children. Part of that, I believe, has to do—and it hasn't been mentioned at all—is the irresponsible activities of people who choose to be parents before they are economically prepared to provide for those children.

I think that in the past we have not seen generations so haphazardly produce offspring without that commitment to their future. I think that that, once again, is a personal responsibility that hasn't been mentioned here this morning.

Second, when we are talking about the elderly, the plight of the elderly, when you recognize that two out of every three people on the poverty level happen to be older people, it is not because they didn't plan for their own retirement but, rather, it is because many of the laws in this Congress were designed inequitably, particularly toward women.

I will say that fortunately we have had some pension reform; we have had other reforms, but there are still many reforms that I am looking forward to my colleagues changing. But when you recognize that two out of every three people on the poverty level are older women, there is a reason for it. It is not because they didn't

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provide for themselves, but because some of their investments that were made, unfortunately, in their pension programs or elsewhere, were inequitable. So there we can say that at least there was an effort toward personal accountability, but the Federal Government let them down.

I think that there has to be a reinstitution of values for both the young and the old. The young have to recognize that they have to put aside for a rainy day, and the elderly have to recognize that they do to. But it is not enough to just take personal responsibility, but rather to take interest in the political decisions that are being made on a daily basis. And until we get grassroots participation in these political decisions, I don't think we are going to have that kind of protection that we need for both the older generation and the young generation.

So, those are my thoughts on it. I would be happy to hear from any of the witnesses as to their agreement or disagreement on that.

Ms. Bourdette, you look like you have something at the tip of your tongue.

Ms. BOURDETTE. Certainly the issue of teenage pregnancy which you alluded to is a serious problem and one which has to be dealt with by all parts of the society, not just the young teenage mother. It requires an investment in children so that they have hope and so that they will see a reason to delay parenthood as opposed to simply a life in poverty that gives them no hope for employment, or employment that would allow them to sufficiently support their children.

It is something that we agree has a role beyond government, but government has a role as well. Our families, our communities, our churches, everyone should take part in addressing this issue.

Mrs. SCHNEIDER. I think that your organizations that are represented here would do all of us a great service if you would not limit yourselves to putting the onus or responsibility on the Federal Government, because we are seeing that trend—and it is a copout, as far as I am concerned. Whether we are talking about insurance premiums or whether we are talking about benefits for school education or whether we are talking about Social Security investments—the more we engender the attitude of, hey, it is not my responsibility, we will let the Federal Government take care of it, the more we can be guaranteed that we will have conflicts.

Ms. BOURDETTE. You might be interested in a major adolescent pregnancy prevention media campaign that we have just undertaken with advertisements in transit systems in major cities in the country. The media campaign is designed not only to address the teenagers but their families as well, urging all to take responsibility for dealing with this.

Mrs. SCHNEIDER. Mr. Kingson.

Mr. KINGSON. Congresswoman Schneider, your comments brought to mind a couple of thoughts. One is, you mentioned concern about personal responsibility, and I think that is quite important. You mentioned that some people have children before they are able to handle the economic responsibility and that creates some problem in the family—and I think Ms. Bourdette commented on that.

The thought that I had was that some stresses in families exist, in fact, because many families are taking on tremendous personal responsibilities. As you well know, one of the major trends of the last 20 years has been an increase in women's labor force involvement. Although it is an appropriate increase, this results in many women who try to do it all, and I think also some husbands who try to do it all. But it creates a tremendous pressure on families in terms of child care, in terms of caring for the needs of disabled elderly members. The family does an outstanding job of responding to need and providing care. For instance, 80 percent or more of the care of the disabled elderly is provided for within the context of the family.

The concern that I have is that we not forget the importance of supportive social policies to assist the families in responding to this—given future demographic trends where we could expect more women in the work force, where we can expect an increased number of disabled older persons as the population ages, and when we can expect relatively fewer children, middle-age children, to handle them.

So I would say there is a risk both in placing too little personal responsibility on families, but there is also a tremendous risk in placing too much personal responsibility on the family which could undermine the very family we are all concerned with.

Mrs. SCHNEIDER. I think your point is very well founded and I think it brings to the attention of Members of Congress, particularly those who have been here for 18, 20, 22 years; that the policies that we set in place perhaps 20 years ago are no longer suitable for today's family, particularly given that we have a changing structure, more women in the work force, et cetera.

So I think that now is very much a turning point in our governmental policy trends. It is time for us to be more creative.

Unfortunately, what we see in the Gramm-Rudman budgetary process is that we see a polarization of people saying let's keep the program, and others who are saying let's kill the program, and there doesn't seem to be any happy medium called reform where we come up with creative, constructive ideas that better adapt to our needs.

So, actually I have ended up giving a speech. Thank you, Mr. Chairman. Thank you, witnesses, for your input.

The CHAIRMAN. Thank you, Congresswoman Schneider.

I would now like to follow the regular procedure. I would like to start by asking some questions of Dr. Giordano. May I first of all compliment you on the statement that you made. I do this because this morning in another committee we were talking about decreases in education and decreases in health, medical research, and so forth. One witness—a member of the Cabinet—responded by telling me that he went through several schools, including Harvard, and that he held three jobs. And in holding three jobs, he was responsible, he implied, for his own education.

In questioning later on, he finally had to admit that, yes, he did get some help—he got a scholarship and all the other benefits that go with it.

My compliments to you are for telling this committee that you are grateful to your parents for the sacrifice that they made in

helping you get through school and giving you your education. It is a tremendous tribute to a man when he can say, "I didn't do it all myself, I had a lot of help." In this instance, your parents get the credit. I compliment you for it, and I compliment you also for the tremendous success that you have had as a physician.

What I would like to ask you, then, is, what in your mind should the country's priorities be for better protecting citizens of all ages? How far off course are we now in light of the reductions in spending during the past few years?

Dr. GIORDANO. I think that we have an obligation to see that most people in this country really receive the most good, that we have an obligation to ourselves, to our future generations, to do as much as we can to eliminate poverty and disease.

During the last 5 years we have shifted priorities from domestic Federal programs to military spending. This has created an attitude that we are not responsible for helping people who are in poverty, or who need medical care. We don't want Government to solve all our problems, but they have created an attitude that we are no longer responsible for those problems. We now have people who are saying that we should live for ourselves and not really care or be concerned about the future, about the poor or the elderly.

So I think we have shifted away from domestic problems, and I think that has created an attitude that we are no longer responsible for those problems, but we very much are.

The CHAIRMAN. Thank you.

Mr. Taylor, how do you explain the public's lack of confidence in the solvency of Social Security despite their own belief in the system and the optimistic forecast of the Social Security trustees just last week?

Mr. TAYLOR. It has been said, I think, and wisely, that pollsters and perhaps politicians tend to overestimate the knowledge of the public and to underestimate their intelligence. People seem to absorb ideas by some kind of osmosis rather than by reading the latest hot news on every subject. It takes time to change people's attitudes, and it takes a great deal of time to restore people's confidence in a Federal Government program. Lack of confidence, I think, reflects many statements over many years, and it will take, I think, a very long time, and a great continued commitment by the Congress, to turn around the low level of confidence which the public has in the Social Security System.

The CHAIRMAN. Ms. Bourdette, I would like to ask you a question and I would like to ask a question of each remaining witness and then come back for another round.

I was very much interested in what you had to say with regard to children and the statistics that you have given us. It is true that 12.4 percent of all persons under 65 years of age or older are within the poverty line and that 22 percent of all children are in poverty.

Now, how much of the increase in poverty among children is the result of the Government's neglect of their legitimate needs? What is your opinion?

Ms. BOURDETTE. We believe that a part of the increase in poverty since 1980 has been a result of deep cuts in governmental programs. It is very difficult to correlate that exactly, however. The

staff of the Ways and Means Committee has done a very sophisticated study indicating the relationship between the increase in poverty and decrease in specific Federal programs funding. For instance, Aid to Families with Dependent Children, the basic income support program. Unfortunately, Federal taxes have also played a major role in pushing more people into poverty, because the only group that has had an increase in Federal taxes in recent years has been the working poor. It is estimated that in 1983 as many as 2 million additional persons were pushed into poverty as a result of our Federal tax system.

So, we know that additional children and families have been pushed into poverty as a result of declining Federal assistance, or increased Federal burden in the cases of taxes. We also know that an increasing number of poor children are suffering in other ways as well as a result of these policies. I would be happy to submit additional material.

The CHAIRMAN. We would appreciate it greatly if you would give us any statistics that would support your contention.

[The following information was subsequently received from Ms. Bourdette:]

The Committee on Ways and Means, U.S. House of Representatives, "Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means," 1986 Edition, provides a wealth of information on the results of governmental policy changes in Food Stamps, AFDC, and Federal taxes on the number of persons in poverty between 1979 and 1984. Using a methodology explained in Appendix J of this publication, it finds that "If governmental policy had remained as effective (in percentage terms) in removing individuals from poverty in 1984 as it had in 1979, some 4.8 million fewer individuals would be living in poverty." (page 564)

Similar trends are shown for families with children, such "that in 1979, approximately 33 percent of individuals in single parent families were removed from poverty as the result of means-tested transfers and Federal tax policy. By 1984, this had declined to 16 percent." (page 564) The massive budget cuts in these critical federal programs, or their lack of adequate adjustment are clearly shown to have an impoverishing effect on individuals and families with children.

Appendix J of this publication follows.

(Due to Federal law prohibiting the duplicate printing of Government publications, the material submitted by Ms. Bourdette has been retained in committee files, and may be viewed upon request.)

The CHAIRMAN. Now, Dr. Kingson, in your study you made various assumptions based on the elaborate research that was done. I would like to ask you this question: Is the notion of intergenerational inequity in your mind a rational tool for public policy analysis?

Mr. KINGSON. In my mind, not at all. We have spent some time studying this.

What we generally concluded is that it is a view that is based on a variety of misunderstandings about the aging population. That is giving it the benefit of the doubt. At worst, it is a view which represents a fairly cynical approach to public policy that is a stalking horse for arguments which would work to undermine social programs like Social Security, like AFDC, like public education. So that it is a fairly cynical political strategy at its worst.

The reason that it is confusing in my mind is that there are some concerns which I think everyone in this room shares that are discussed in that context. There are concerns about growing Federal deficits, concerns about the need for economic growth, concerns

about the difficult circumstances that many among the baby-boomers have experienced during the difficult economic period of the 1970's through the early 1980's, and now.

At the same time, this concept is built on a variety of myths. One of the myths is that we can't afford an aging society. And there I think is a major problem in terms of interpreting the demographics of the aging society.

One of the arguments that is often made is that we can't afford an aging society because, if you look over at the dependency ratio chart, we often hear that today there are roughly 19 elderly persons per 100 persons of so-called working ages—18 to 64—and in the year 2030 it is going to double to about 37 persons, roughly, 38 persons. And that argument is used to say we can't afford the aging society.

Now, there are a number of problems with that. One problem is that it basically neglects the overall dependency ratio. If you look at children and older persons together, what that table shows you is that never in the next 75 years is the so-called overall dependency burden on society greater than it was back in the 1960's when the baby-boomers were children.

Second, it is built essentially on an assumption of no economic growth. And that is an assumption which is at odds with nearly all economists who would predict the future. Social Security's actuaries in their pessimistic assumptions assume somewhere in the range of 1, or maybe it is 1½, percent growth per year. I believe it is 1 percent. In their midrange assumption, I believe they assume roughly 2-percent growth of the economy a year.

If one assumes 2 percent growth, then the gross national product doubles by the year 2030. The short message is that we have a much bigger pie from which to support the aging society.

There are a variety of other problems, too, in it. I think it neglects to look at how benefits directed at any one age group spin off to all other age groups, how we all benefit from public education, as an example, or all benefit from Social Security.

It presents a very stereotypic view of the elderly. The elderly are viewed as being all well off and all healthy. We have begun to substitute a new stereotype. We have one fallacious stereotype that all old people were ill and unhealthy. Now some people have discovered that wasn't true and gone to a new stereotype—they are living in splendor and in great wealth and in good health.

The reality is the elderly are a very diverse population group and one needs to understand that.

The other reality, as Congressman Synar has mentioned, is that the elderly's income position is very sensitive to changes in Social Security. We have done a good job of protecting the elderly generation—this current cohort—we have done a reasonably good job through a relative adequate Social Security System that still needs to be improved. But we haven't come to a position where we can cut benefits and not see widespread implications for the well-being of the elderly.

So, I suppose you could say basically we have looked at this perspective very carefully, and we concluded that it is not a terribly useful perspective to public policymaking.

The CHAIRMAN. Mr. Hewitt, you heard the four questions that I have asked the witnesses. Do you wish equal time to rebut?

Mr. HEWITT. I suppose. I wouldn't mind commenting on a few of the points.

First of all, I think it is extremely good, that for the first time in this committee's history, the problems of children are coming before the aging community. I think this is the first time that the Children's Defense Fund has been here, and I hope it is not the last.

The concept of intergenerational equity isn't really as it has been portrayed. The people who wrote the GSA report, who have drawn the conclusions to which I object, never bothered to sit down or talk with me. We certainly made plenty of offers, and that is why I think there is a misunderstanding, because when you don't communicate, there is really not much opportunity for common understanding.

It was said a minute ago that intergenerational equity is a cynical way of looking at life; that it is a "stalking horse" for doing away with programs like Aid for Families with Dependent Children, the Social Security System, public education.

I would like to go on record right now as saying that I personally—and to my knowledge, everybody associated with my organization—strongly supports Social Security and other major programs for the elderly. There is absolutely no interest in reducing Social Security benefits to those who are dependent on the program.

But at the same time, this society can no longer proceed blithely ahead borrowing from the future in so many ways: in housing, in pensions, in the infrastructure, in our environment, in the budget deficits that we create. We cannot keep doing that and expect that this next generation, the "baby bust", which is going to be quite a bit smaller than the baby boom, is going to have enough resources, is going to be productive and wealthy and willing enough to support the massive 78-million-member baby boom generation that is going to retire in a few decades. The baby boom retirement is not that far off, and we ought to be planning for it now.

It is not necessarily true that we can't afford an aging society. But to support an aging society, we must do a lot of things. And the sooner we do them the more likely it is that we can all have faith in the Social Security System again.

I just want to conclude these remarks by saying that I am very pleased to be part of this gathering, despite the unfortunate first questioning period. I think it is a very positive thing for the aging community to be considering the interest of other generations, because we are in fact very much an intergenerational society. In an aging society, aging is no longer an issue for the old alone; and neither is downward mobility among the young an issue just for young families.

Thank you.

The CHAIRMAN. Mr. Hewitt, for your information, this is not the first time that we have worked with the Children's Defense Fund.

Mr. HEWITT. Mary said it was the first time she had been here.

The CHAIRMAN. Perhaps it the first time as part of an official hearing. But our committee does work very closely with all generations. We are interested in the problems of poverty in the United

States, and that includes all human beings regardless of their age. We happen to agree that we, as a nation, haven't done enough.

I firmly believe that the greatness of any nation can be measured by what it does for its elderly, and what it does for its children, and also what it does for its handicapped. If we really look at that situation from that standpoint, we, as a nation, are not doing that well. We are not as great as we could be.

I was interested in what you said. You said that you support, or your organization supports, Social Security and that you support programs for the elderly; that you do not advocate reductions in either Social Security or any program for the elderly. Is that correct?

Mr. HEWITT. I said that.

The CHAIRMAN. But you also said that you have lost faith in the Social Security System. May I ask you why?

Mr. HEWITT. Yes; I am happy to respond.

Social Security right now is running a series of operating surpluses. I think this last year was about $18 billion. Anyway, it was a lot of money. Throughout the 1990's, that surplus is going to keep growing.

Under fairly optimistic circumstances, the Social Security surplus will keep growing through around 2018. And then in 2019, it will start running a series of annual operating deficits that will last through the end of the baby boom generation's retirement. In 2019, the program will run a $37 billion deficit. In 2030, it will run a $640 billion operating deficit and by 2038, it will run a $1.1 trillion deficit. Now, these have to be discounted, somewhat, because they will not total more than a couple of percentage GNP.

But, the surpluses that we are building up in the short term are supposed to accrue interest in the trust fund and then be there so that we don't have to look to the next generation of taxpayers and say, "you, all by yourself, you support the baby-boom generation's retirement."

In fact, as you know, Congressman, the money won't be there, because all that will be in the trust fund are a pile of IOU's, because Federal law says that we have to use the trust fund money to invest in the national debt. So, who is going to be paying it back when my generation retires?

The CHAIRMAN. Isn't it true that the Social Security System is now definitely in the black, that it does have a surplus? And isn't it true that the Federal Government, that the Treasury of the United States actually borrows from the Social Security System to try and balance our budget?

Mr. HEWITT. Yes; but Federal law says that all Social Security surpluses have to be invested in the national debt and not in the private sector. And what I am saying is, that when the baby boom generation retires, all there will be in the trust fund is a series of book entries that will constitute IOU's from the Treasury to the Social Security System. So, the baby-boomers will come along and say, "where is all that money the Treasury owes the Social Security System?" And the Treasury will say, "well, we don't really have it on hand. What we have to do is raise taxes or cut benefits."

The CHAIRMAN. Mr. Hewitt, what is your background for the statements you are making now. I would like to know what these

statements are based on. Is there a recent study that has been made that I don't know anything about?

Mr. HEWITT. Actually, these are supported by figures provided by Alicia Munnel.

The CHAIRMAN. Provided by who?

Mr. HEWITT. Alicia Munnel of the Federal Reserve Board. Her analysis—as well as that of [illegible]y Ballentine, Chief Actuary of the Social Security System—suppo[illegible] this contension. We have a copy of a report by the General Accounting Office which I will be happy to submit for the record, analyzing the surpluses and detailing this very problem.

The CHAIRMAN. I don't know what economists you are talking about, including the one from GAO.

Mr. HEWITT. I will gladly submit this report for the record, sir.

The CHAIRMAN. Do you know for a fact that Social Security has not missed a payment to anyone in the last—well, since it has been in operation. Not a single payment has been missed?

Mr. HEWITT. No, sir; it has not missed a payment.

The CHAIRMAN. You also know that next year there will be a surplus in Social Security of $15.6 billion. Is this not true? And you have said, "yes, there is a surplus."

Mr. HEWITT. All the way through——

The CHAIRMAN. You also contend that there will be a surplus to the year 2019 or——

Mr. HEWITT. 2018.

The CHAIRMAN [continuing]. 2020. You also contend that after that there may be a deficit.

Mr. HEWITT. What?

The CHAIRMAN. After the year 2019, you said there would be a deficit.

Mr. HEWITT. Huge deficits; yes, sir.

The CHAIRMAN. And what I want to know is what it is you are basing that on.

Mr. Taylor, I think you had something to add to this.

Mr. TAYLOR. Yes. It seems to me that these projections—which I am not familiar with—are based on one assumption, which is that no further changes are ever made in the Social Security System. I think we will all remember it is only a few years ago that the system was in very serious trouble; that the Greenspan Commission worked on it, and that the Congress bit a lot of very tough bullets, and in fact, made very important structural changes which fixed the system at least for the medium-term future.

Winston Churchill once said, I think, that Americans can always be relied upon to do the right thing after they have exhausted all of the other possibilities. [Laughter.]

And if there is another crisis facing the Social Security System in 15 or 20 years time, I don't doubt the resolve of the Congress to ultimately face up to it and deal with it.

I would also like to address one other point, which is that all of these arguments rest on the assumption that the overwhelming majority of people will retire at age 65. We know that an increasing number of peo[illegible]ie age 65 and over want to go on working. I think one of the challenges that we as a society have to face is how do we provide the right incentives and the right opportunities for

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people to go on working so that the numbers of people working, in fact, continue to grow as they have been doing.

The CHAIRMAN. Mr. Taylor, may I say that I am one of those who advocate no age limit; to allow people to work as long as they want to.

Mr. TAYLOR. As I get older, I share that view.

The CHAIRMAN. Thank you.

The Chair now recognizes Mrs. Meyers.

Mrs. MEYERS. Mr. Chairman, thank you. I am very pleased to be here to hear all of your comments today.

I do think that it is necessary that we view this not as an either/or situation between elderly and children, but as a both/and situation. We have to look to the needs and concerns of both groups.

I worked in the Kansas Legislature for 12 years before I came here and I authored many bills that would benefit both groups of people. I also tried to emphasize, in working in the Kansas Legislature, the important role of State and local government because I could see where we were going at the Federal level, and that we are facing these enormous deficits; and that we just can't continue to use the charge card. So when people say that we should continue to provide programs, I would agree with them. But we do have to select priorities very carefully because of these deficits and because of the fact that we are paying $150 billion interest.

I keep saying that the reward out there at the end is that if we could just make some kind of a turnaround and just cut one-third of those interest payments, can you think what we could do for people with $50 billion? So I do think we just can't think in terms of more and more and more spending.

I don't blame Gramm-Rudman. I see Gramm-Rudman as simply a device to help Congress have that kind of outside source of discipline to do what we absolutely must do. Congress is not evil or lazy or stupid or any of those things. We know what the problem is. But there are 535 of us with very honest and very different opinions about what the top priority should be. And the different pulls of these competing priorities has led us to use this charge card, and we simply have got to stop doing it. I see Gramm-Rudman as that outside discipline that forces us to do that.

I guess I would like a comment from Mary Bourdette, perhaps, and maybe from others on one comment, and that is: I must associate myself with the remarks of my colleague from Rhode Island, Claudine Schneider. I don't want to be simplistic about this thing, and it is easy to get simplistic about it. On the other hand, I do feel that I have to verbalize some of the concerns of my constituents. They come up to me after meetings where we have been talking about the budget deficit, or the needs of children and the elderly, and they kind of whisper this to me, because they don't want to say it out loud because it sounds antifamily or antichildren.

But there is a real resentment out there on the part of middle-income taxpayers where both the mother and the father are working, and they are struggling, and they have a middle income, and they have carefully limited their family to two—and they have spaced them because that is all they can afford. Then they are being asked to contribute to the Federal Government for people

who have families that are larger than that and seem to have no real sense of responsibility.

Now, I know that that is a simplistic way of stating that. I know that there are people who have very real problems, that they aren't just being poor because they want to be poor, because they have very real problems in their backgrounds and with lack of education and all sorts of things. Still, that resentment is there, and in some cases it might even be a valid resentment.

Can you comment on this, Ms. Bourdette, and if you want to be rough on me and what my constituents are saying to me, go right ahead.

Ms. BOURDETTE. I certainly understand there is a perception and there are many myths about families in poverty. Some of them are valid and many of them are not. There are commonly held myths that families are on AFDC for many, many years when the great majority move in and out of the AFDC system.

I think if you probably question the public—although my colleague here would probably have some numbers on this—people would think that the welfare budget consumes a huge amount of the Federal budget when in fact it is only 1 percent. The increase in the military budget every year since 1981—just the increase alone—has been larger than the entire Federal budget for AFDC and food stamps combined.

So while I recognize these feelings, and I have heard them, and we all hear them many times, but I think we also have an obligation to set forth the facts about these situations, and the struggles that many families are going through.

We mentioned earlier how many more families are working to support their children and yet cannot escape poverty. We have not raised the minimum wage since 1980. A parent with two dependents can no longer work full time in this country and earn at a minimum wage enough to escape poverty. The family could in 1979. We have not changed these policies. So while more and more families are working, less and less is available to them to help support their families. I think those are the kind of facts and information that we also have an obligation to get back to people.

We also have to let people know that the majority of people on welfare are children, and children are by their very nature dependent. We not only have an obligation as parents but as adults for all of us to take care of those children if their parents cannot.

I certainly have heard those frustrations, and I understand them. But as I say, I think it is a two-way street in which we as people who work on these policies and who understand them also have an obligation to inform people because there are many myths that unfortunately have been persuasive about families in poverty but are simply not the case.

Mrs. MEYERS. I think you are right. I do try to put the Federal budget in perspective for people by saying to them that if you think of the Federal budget as about $1 trillion, that about $300 billion is Defense, about $200 billion is Social Security—now you have spent half of it—about $150 billion is interest on the debt, and some $80 billion or something is Medicare. The big four, those four: Defense, Social Security, interest on the debt, and Medicare. Now you have spent 72 percent of the budget and everything else is in

the top 28 percent. Food stamps, all the poverty programs, Medicaid, foreign aid, farm bill, small business, student loans, Amtrak, everything is in that top 28 percent. So it isn't really like any one facet of it would affect all that much.

And yet, when you are looking at making inroads, we can't cut interest; we are working on Medicare, trying to hold costs down; probably politically and maybe because we shouldn't, we won't change Social Security—I don't favor changing Social Security—and last year, Defense was a flat freeze.

Now somewhere we have to begin to look at where to make those cuts. It is a struggle.

The CHAIRMAN. Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman.

First of all, let me commend you on convening this hearing. It has been very, very insightful and very informative.

Let me also say that I couldn't agree more with your observation a few moments ago that the greatness of a nation is really measured by what it does for the elderly, for the children, and, of course, handicapped.

I have been concerned over the years, Mr. Chairman, with the evolution of a concept of the so-called wanted child, or the planned child, with the not so subtle implication that a child who is not wanted or unwanted or unplanned somehow forfeits his or her right to live; that somehow they are worth less and can be regarded as expendable. This attitude, I would suggest, is dangerous to children—some 17 to 19 million children have been killed by abortion since 1973—and I think there are many broader implications, particularly for the elderly and for the handicapped.

I would point out to the committee that not so long ago many of us were aghast over the revelations of Infant Doe of Bloomington, IN--a child born with Down's Syndrome, with a treatable ailment. Six days later, by court order, because the child was deemed unwanted, Infant Doe died due to malnutrition. He was starved to death. That kind of thing, with the support and the corroboration of the courts, I think, speaks very ill of our society.

I am also concerned, especially in the context of this hearing, "the common bond of generations," that this dangerous mentality is beginning to spill over to our older generation. Frances Crick and James Watson—the two eminent scientists who helped unravel the DNA mystery—winning a Nobel Prize for it—have suggested that there be developed a euthanasia or demise pill. The pill would be designed for those who are age 80 or over, because we just cannot afford to continue caring for these people who are deemed to be not worth the cost. I think that is a despicable attitude.

I would remind my colleagues that we fought a war many decades ago to try to stop that mentality. Should such an attitude now seem any less repuguant to us in its disregard for the value of human life and the fundamental rights of all human beings?

I would like to ask, especially Ms. Bourdette, how we can reverse this assault on the value of life, the cheapening of human life that is occurring. While it is often euphemistically packaged, the bottom line is that some people who are vulnerable are deemed less valuable to society. It is usually, as you pointed out, the elderly,

the handicapped, and children. How, then, can we reverse this mindset and this destructive attitude?

Ms. BOURDETTE. I wish I had all the answers as to how to do that. But I certainly think that a hearing such as this which dwells and focuses on the issue of the family is something we need to consider much, much more. It is one thing to just talk about families; it is another thing to look at the impact of various policies and what it is going to do to families, and the stresses of various policies on families. I think we have to consider that impact on all members of the families, and on all types of families. All families are not alike.

We have now many more single-parent families. Their needs are different. We have to take care of children once they are born, and we have to make sure they are provided with the kind of life that we would all be, not only proud of, but required to support us later.

As I mentioned earlier, we have no margin to waste any child in this country. Every one of them has to be made into the productive and self-sufficient adult that all of us need and want. I think one answer is to spend more time focusing on the family and on the needs of families—not only in government but in our churches and in our communities as well, but certainly in government too.

Mr. SMITH. Do you see the relationship, or do you have any concerns that the devaluation of life prior to birth is, as I pointed out, spilling over to the elderly, the handicapped, and others?

My feeling is that, just as in the overall human rights context, once you cheapen or violate the rights of one group—whether it be for religious reasons, behind the Iron Curtain, or whatever—all rights are diminished to some degree, and it then becomes a cancerous malignancy in a society.

Ms. BOURDETTE. Our focus has been on children once they are born, and making sure they have all the help, care, and services they require and need. We do not work on the abortion issue one way or another.

Mr. SMITH. Yet certainly the WIC Program and similar programs can help both mother and unborn to be healthy.

Ms. BOURDETTE. Right.

Mr. SMITH. Mr. Chairman, unfortunately I have a markup in the Foreign Affairs Committee. I do have other questions but I yield back the balance of my time.

The CHAIRMAN. Thank you, Mr. Smith.

I would like to continue the questioning for just another few minutes.

Dr. Giordano, I hear over and over again, particularly from the very young, that families are not taking care of their parents and grandparents; that they did in the past, perhaps, but are not today.

Do you see your older patients being abandoned by their families?

Dr. GIORDANO. To the contrary; families are very supportive. As I mentioned, because I deal with vascular disease, most of my patients are elderly. When these patients are admitted they are usually quite ill. Families are always supportive. They come with them; they provide transportation; they care for them after an operation; they give them emotional support.

I rarely see an elderly patient that doesn't have family support in a variety of ways. I think that the fact that there is something

like Medicare to take care of these expensive problems, many of which will go on for months in treatment, relieves the children of concern about finances. They can concentrate more on the emotional support to these elderly patients.

The CHAIRMAN. The figures that we get, Doctor, is that as many as 80 percent of senior citizens live within the family structure, either in the home of a child or somewhere in the immediate area. Would that be just about the right figure?

Dr. GIORDANO. That is about the right figure, in my own experience.

The CHAIRMAN. I have seen just the opposite on some occasions, where senior citizens have been abandoned. So that it is true that the vast majority are fortunate enough to be part of the family structure during their last days; there are some that are not.

Again, I have found the contrary to be true, particularly with regard to Alzheimer's victims. I have seen family after family in my district with an Alzheimer's patient, where a family member—usually the daughter—is taking care of her father or her mother, and is actually a slave to that patient on a 24-hour basis. But I see nowhere in the Federal Government where any program is being designed to at least teach that individual how to take care of that patient with Alzheimer's disease.

In one instance, a neighbor of mine, the woman has a 24-hour-a-day job. She is the same age as her husband, both 60, but she looks almost as old as the patient that she is taking care of because of the tremendous strain.

Doctor, do you think it would be wise for us to start looking into the advisability of setting up programs that will teach these people how to take care of their relatives at home and give them some relief?

Dr. GIORDANO. I don't have a lot of personal experience with Alzheimer's. I am, of course, familiar with it, and I realize the enormous support it needs. It seems to me that in this situation you would need some outside support—Federal programs or whatever—to help that individual who wants to also lead a reasonably normal life. They are willing to put out and they are willing to support as much as possible, but a 24-hour commitment is something beyond probably what most people are capable of doing.

We should look for ways to help relieve that burden on some of these families.

I also am quite aware of how important it has been for such programs that we have now that we didn't have 15 or 20 years ago. For example, I can send a patient home from the hospital a lot sooner than I used to because I can get them nurses to visit the patient, to change dressings, or to care for wounds, or to give the family the support that they need to take care of the patient and have them live at home.

Whereas, previously, when those programs were not available, the patient had to stay in the hospital, and there was some disruption of the family support system. But if you give the family a little support, they are willing to accept the parents at home.

The CHAIRMAN. Thank you, Doctor.

Mr. Taylor, I was interested in your testimony when you reported on the opinions of persons under 30 versus those over 65. Are

the findings any different for persons between the ages of 30 and 65?

Mr. TAYLOR. On all of the issues I discussed, that is to say, policies directly benefiting apparently or superficially and directly one generation rather than another, we find no substantial differences in any age group. We find majorities of all age groups, for example, and mostly large majorities, oppose cuts in Medicare, oppose cuts in Social Security, oppose cuts in aid to education, student loans, and health programs for women and children.

The CHAIRMAN. Based on your particular studies—and I am sure you have had quite an extensive experience with regard to public attitudes—do you think there will be any change in attitude with regard to Social Security—for or against—in the next few years?

Mr. TAYLOR. I have absolutely no doubt that public support for the Social Security program, and for keeping it strong, and for keeping benefits at their current levels in real terms, will be overwhelming. I think that, as I mentioned earlier, it will be necessary over a long period of time to restore public confidence in the Social Security System, and that is the responsibility of the Congress now and in the future.

The CHAIRMAN. I asked that question, Mr. Taylor, not knowing what your answer was going to be, but I am glad that your answer was very positive.

I am, of course, a supporter of Social Security, and I think that Social Security should be an independent agency—separate and apart. Social Security should not be in the combined budget of the United States. Social Security should not be tampered with in any way whatsoever. It should be the responsibility of the administrator who is responsible for the proper funding of Social Security so that it does, in fact, continue to be solvent. Those are the things we are looking for. We hope that the Social Security Administration does become an independent agency very, very soon.

Now, Ms. Bourdette, what hurts more than anything else are the statistics with regard to abandoned children and children in poverty—children that go through a difficult cycle in life out of no fault of their own.

What is required to draw society out of its present shell so that we can, in turn, bring children out of poverty?

Ms. BOURDETTE. I think several things. The first, obviously, is a commitment to do so, a will on behalf of this society to provide the basic necessities for all children. I think part of it is a recognition of what we are trying to say today: That it is in all of our interests—whether we feel morally obligated to or not—to provide for the children of this country, because we are all going to need them strong and prosperous and educated and self-sufficient as adults.

So, I think the first thing is the development of the commitment and the will to draw children out of poverty.

The second thing, then, is to develop as we have with Social Security and with Medicare to some extent more adequate levels of support for the necessities of children's lives, for food, medical assistance, and income support. Unfortunately, fewer and fewer poor children are eligible for those services now than just a few years ago. So that is an important step as well, to develop an adequate level of basic support for children.

There have been discussions of child allowances, something that every other industrialized country has, which we have never explored much in this country, where the Government provides an allowance for every child in the country and then it is taxed back on the basis of need. That is something that certainly we could explore much more here.

But after we provide a basic level of support, we also need to make those positive investments in programs that we know work and make a difference—programs like Headstart. There is no question that for children participating in Headstart they are better off, that they are more likely to have employment later; they are less likely to be on welfare; they are less likely to be adolescent parents; they are more likely to do better in school—there is no question about that. And yet, we are only providing Headstart services to 18 percent of the children who are eligible.

We need to make investments in education programs like the chapter 1 education for the disadvantage programs, which, again, there is no question but that it helps children in school. It helps them to read; it helps them to be the kin of adults we want them to be.

We need to make that basic commitment to support children in this country because we care about them, but also because we need them. And that it is in all of our interests to lift them out of poverty. We certainly know the ways to do that. It is just creating the will and the majorities to do that.

The CHAIRMAN. Ms. Bourdette, I want to ask you a question that was asked of me yesterday by some very intelligent young men and women. I spoke to a large group at a church in my district and many questions were asked with regard to Social Security and other issues—the same subject matter that we are discussing here today.

One young man got up and said that it was his ambition to become a doctor. He went on to tell me the difficulties that he expects to have, and he is going to meet all these difficulties. Incidentally, he is an orphan. His father died 2 or 3 years ago, but he is determined to be a doctor.

He said that in his studies—he prefaced his question by telling me all of this—that he found out that the United States is not No. 1 in education; that we are not No. 1 in health. And he went on to tell me other places where we are not No. 1. Then, he asked me this question: Mr. Congressman, what can I do to help? How can I help change the situation?

How would you have responded?

Ms. BOURDETTE. I guess I would have him talk to all the rest of the Members of Congress, first of all.

I think it is important that all of us become involved in what happens to children and our families, and to educate other people. It is amazing the amount of ignorance in this country about where we stand and what is happening to people.

There is this assumption that we are No. 1 in everything. We number, I think, 13th or 14th among nations in keeping infants alive in their first year of life. We currently have an increasing postneonatal mortality rate in this country; the first time in many, many years. I think that would shock people in this country. I

think that if they knew it, they would take the action to deal with that. So I think it is talking to people, talking to elected officials, and bringing to bear the facts that we all need and then taking the action that is required—be it working in volunteer programs, or helping to elect Members of Congress who would vote right.

The CHAIRMAN. One of the things that I said, Ms. Bourdette, was that the first thing he had to do was to be sure that he got an education. And as I said that, he reminded me that that was going to be difficult because of his particular situation. I advised him to take advantage of existing programs. But then this morning, in a committee on appropriations, I find that the Department of Education is recommending tremendous decreases in education. So, I don't see how this young man, unless he gets assistance somewhere else, will be able to get the education that he wants.

Ms. BOURDETTE. It is clearly more difficult. Fewer and fewer minority high school graduates are being able to enter college as we cut back on student aid; we are going to see even further movement in that direction. We are cutting off not only the individual's hope and progress but all of ours as well. That is what we need to make people understand.

The CHAIRMAN. Mr. Hewitt, as I was asking questions, starting with Dr. Giordano, I noticed that you were agreeing with a lot of things that were being said. So I am going to ask you if you were in full agreement or partial agreement with the answers.

Mr. HEWITT. I can't remember exactly what I was nodding my head about, but I can assure that whenever I did I was in full agreement.

I think many of the problems that we have discussed today among children are also reflective of the problems experienced by young adults. I thought that Mrs. Meyers had an interesting anecdote about her constituent who whispered that she was tired of spending all this money on the poor, and so forth. Some people have said that this means that the voters are becoming more selfish. That is a concern of mine.

But I think we have missed the point that there is a problem affecting the middle class today. Mary Bourdette has talked about the working poor. There are other people who aren't classified as poor, or near-poor, who are working, working very hard, sometimes with two incomes to support what one income would have supported a generation ago.

I think we are in a terrible situation in this country in which only the very poor and the very wealthy feel as though they can afford families. And, of course, this trend has tended to increase the poverty rate among children because the poor are significantly outreproducing the middle class. It has also affected the way we look at many of these programs and the way we look at the problems.

We have heard Mr. Taylor tell us about how people feel about all of the programs. Everyone seems to want good things for other people, and this is a good American feeling. I think if you had gone back and taken a poll in 1980, it would have revealed that what we did in 1981 was fine. We had our taxes cut and we didn't cut benefits or defense—in fact, we raised spending on defense. And we all wanted a balanced budget, too, but we didn't get that.

We are really at this point where all of the polls have come into conflict. We seem to want more things—we want a balanced budget; we want a strong defense; we want to take care of our children; we want to take care of our elderly—and we don't want to have our taxes raised. There is a great deal of conflict inside the mind of each voter.

The real problem seems to be that we are now a society that suddenly has to deal with its shortages. Whether it is through Gramm-Rudman or maybe just good common sense, we are going to have to make some tradeoffs in priorities. And it is really not just a question of children versus elderly—for example, whether we allocate from children to the elderly—because this deals with stereotypes that we ought to be trying to avoid. As Eric Kingson pointed out a little bit earlier, it was a false stereotype—or at least it is now—to suggest that the elderly are poor and frail and are all as deserving as the handicapped, because as a group there is a great deal of diversity.

We know that there are very large numbers of poor elderly, and a very substantial number of wealthy elderly. We should try to make some kind of distinction among the poor and wealthy elderly the same way we do among poor and rich children. At the same time, we face the additional challenge that we have to be fair to the middle class because the middle class has been taking it on the chin.

So we don't really face any easy solutions. I was nodding as the witnesses were talking about the difficulties in trying to construct a sense of equity, and purpose, and where the country ought to be leading itself. I was nodding in many cases when I thought they were bumping up against these realities. I certainly do think that it is a very important part of the educational process to talk about the condition of the children, on which our future rests so heavily.

The CHAIRMAN. Mr. Hewitt, let's talk about realities for just a few moments. The reality is that the deficit, when this administration took over, was in the neighborhood of $68 billion.

Mr. HEWITT. I think it was lower than that. Wasn't it 46 in 1979?

The CHAIRMAN. No; I am talking about when this administration took over.

It is now just a little bit over $200 billion, which is three times more.

Mr. HEWITT. And that doesn't include the money they are borrowing from Social Security.

The CHAIRMAN. That is right. Nor does it include the tax benefits that were given mostly to those in higher income brackets, and that amounted to almost $800 billion.

At the same time, while we have had decreases in "pet" departments of the administration, we still have decreases in health and education.

Don't you think that we should face reality and try to reassess our priorities?

Mr. HEWITT. Yes, sir.

The CHAIRMAN. You would be, then, in favor of—and you are now speaking for your organization—reassessing those priorities, and making it possible for all departments of the Federal Government to make equal sacrifices and equal contributions?

Mr. HEWITT. I think you just described Gramm-Rudman. There are a lot of faults to Gramm-Rudman. I am not for across-the-board spending cuts because obviously they tend to affect the needy most.

The CHAIRMAN. You would be, I suppose, for efficiency measures to be applied equally to all departments?

Mr. HEWITT. I think it was Mrs. Schneider who said that somewhere between abolishment and expansion there lies the gray area of reform. I think, in many cases, that is part of the general efficiency thrust that you were just alluding to.

The CHAIRMAN. What I am trying to get from you without mentioning a particular department is whether or not you would continue to favor our department over other departments?

Mr. HEWITT. Would I?

The CHAIRMAN. Yes; would you?

Mr. HEWITT. My organization doesn't favor or oppose, if I am speaking for my organization, any department.

The CHAIRMAN. But you had already taken the position that you still support Social Security and other programs for the elderly and that you don't want any reductions in them. You also complain that the younger generation, that the children are being deprived of many of the things that they need—and with this I agree. Do you agree, then, with Ms. Bourdette, that there is a solution if certain principles are applied in solving that problem?

Mr. HEWITT. I think there are a series of principles that you can apply, and I think she articulated some—and I was probably nodding my head during those.

As to whether Social Security should in the future be completely off the budget table, you know, we have a problem in this country that when one thing comes off the budget table, something else comes off the budget table.

I am not advocating in any way, shape, or form cutting Social Security benefits.

The CHAIRMAN. Social Security, Mr. Hewitt, was off the budget before.

Mr. HEWITT. Yes; off the table I was talking about—the budget.

The CHAIRMAN. It was the President of the United States who finally decided to include Social Security in the unified budget in order to cover up his deficit in Vietnam. The 1983 Social Security Amendments took Social Security off-budget in fiscal year 1993, and at that time it will be on its own again.

I am an advocate of having Social Security be on its own, and due to Gramm-Rudman-Hollings, it is now off-budget.

Mr. HEWITT. Your point is granted. Social Security has been taken on and off the budget for a number of reasons. We all know it is part of Federal spending. Some people think it ought to exist in a vacuum but, unfortunately, it can't as long as it is part of Federal Government.

All I was suggesting is that there are a series of modest and gradual changes that I personally would advocate for the Social Security System that would bring wealthy and affluent senior citizens into the process of helping to bring the deficit down and to build a future for which we can all take credit and not blame. And those might be, for example, not providing cost-of-living adjustments to those whose total retirement income is over $30,000, and raising

the retirement age. Or alternatively, perhaps, we should tax all Social Security benefits.

I think there are a number of things we could do and, at the same time, require corporate minimum taxes, and many of the other things that we are doing in tax reform.

The CHAIRMAN. I am going to ask each one of the witnesses to make a last statement. But I do want to question Dr. Kingson further with regard to his report. Do you have something to say at this moment Dr. Kingson?

Mr. KINGSON. Thank you.

There are a couple of things I would like to say. One, when I hear the suggestion which some people have made—not many—of means testing the Social Security cost-of-living adjustments for people with $30,000 of income and over, for a variety of reasons it gives me some problems.

No. 1, Americans really don't like to be on welfare. And as a program, Social Security enjoys widespread support precisely because it enhances the dignity of human beings and does not subject them to welfare means test.

No. 2, there are not that many individuals with incomes above $30,000. The latest data that I had suggests that 14 percent of elderly couples, and I believe 2 percent of elderly individuals, have incomes above $30,000. The implication of a means test for people of $30,000 and over is that we are going to put—just administratively—nearly 29 million elderly persons, plus disabled and survivors persons, subject them to a welfare system in order to, on a yearly basis, to reduce benefits to a very small number of persons. There are some problems with that.

There is an administrative efficiency issue, but the more important one is that it undermines the very concept of social insurance. One cannot be in favor of Social Security and support a means test within the program.

Another problem I have, or concern I have, results from hearing discussions of we now have surpluses in Social Security, and this is going to undermine the future viability of the system. I scratch my head; I look back a few years ago to the National Commission, chaired by the Economist Alan Greenspan, where we had a problem—we had a deficit; a manageable, but a real deficit. The members of that Commission—a bipartisan group of members appointed by the President—the Speaker of the House, the leadership of the Senate; the members of that Commission agreed to a package. Congress changed it slightly and it went through as law, and it resolved the problems for the foreseeable future.

Nobody should be taken seriously who suggests that those members of the Commission or Congress were dealing with poor numbers, optimistic numbers in terms of their assumptions and when they crafted the 1983 amendment. It just doesn't make sense to suggest that the members of that Commission used optimistic assumptions. Nor does it make sense to suggest that the Secretary of the Treasury, the Secretary of the Department of Labor, and the Secretary of Health and Human Services, who just signed the 1986 trustees report, are dealing with funny numbers. They are dealing with realistic, best guesses, about the future.

Based on that, they have all signed their names suggesting that the Social Security cash programs are in actuarial balance for the 75-year period over which cost estimates are made.

They also use a couple of sets of assumptions. Even under the most pessimistic, I believe the trust funds have sufficient funds to pay benefits out well past 2025, under the most pessimistic assumptions.

So I have some trouble with that kind of—I guess it is my academic training—use of the numbers.

The CHAIRMAN. From looking at Mr. Hewitt's organization literature, the assumption that is made, if not the actual statement, is that future economic growth will not be sufficient to support a baby-boomer generation.

Now, do you agree with that?

Mr. KINGSON. I don't. I don't think most analysts would. I don't think the persons who signed the trustees report recently would. I don't think that any of us can say we know what the future will bring. I think one of the public confidence issues in Social Security is that we ought to prepare ourselves as persons who are dependent on that system, and the public, that there will always be need for changes and adjustments.

We will have a real surplus, and it raises real issues, but it is not a catastrophic issue. It is a delightful problem compared to the concerns we had a few years ago of a very real deficit.

So, I just have trouble with analyses that suggest the sky is falling every time we identify a problem, or a possible problem.

The CHAIRMAN. Mr. Hewitt, you seem to have your hand up. Do you want to respond?

Mr. HEWITT. I would like to respond.

Mr. Kingson seems to be a lot more confident than the General Accounting Office. They produced their report in March 1986, so it is fairly recent; it just came out. It says that long-term financing issues remain. It says that the estimating assumptions have been historically inaccurate. They question the estimating assumptions that were signed off on by all the eminent people in the Treasury and elsewhere.

So, I don't think it is really a question of cutting Social Security benefit for the poor or anything like that, but there are some long-term problems. In the Census Bureau, people are thinking there are long-term problems; in academia, people are saying there are long-term problems; in the Government, people are saying there are long-term problems. And for advocates, paid advocates, for the elderly, to stand up and say those long-term problems really don't exist—because we can assume them away—is almost an amoral position. Because to the extent that we base all of our future estimates on the baby-boomers retirement and this tremendous challenge that it will pose to the standard of living to the baby-bust generation; to the extent that we base those projections, on fairly rosy scenarios we are playing the same supply side game that the administration played to get us into the $200 billion deficit that you were decrying a little bit earlier.

Thank you.

The CHAIRMAN. Mr. Hewitt, the GAO played some role in getting us into that $200 billion deficit. I would suggest that the GAO is not the best place to get an unbiased opinion.

Now, Dr. Kingson, you heard what Mr. Hewitt just said and you, of course, disagree with many of his conclusions. You do not agree with the fact that in his report he has contended that economic growth will not be sufficient to support a baby-boomer generation. Do you feel that Social Security is sound now and it will continue to be sound?

And I would like to ask you: Do we get a distorted picture of the economic status of the aged if we generalize about them as a single group as we are doing now?

Mr. KINGSON. I think so. I think the point that the chairman discussed earlier today that the elderly are a very diverse group is quite important. I believe there are some tables over there. Clearly, many elderly are doing well. The Census Bureau reported in 1984 that roughly a quarter of the elderly families had incomes over $30,000. Many of those are not on Social Security, by the way. And that roughly 11 percent of elderly individuals had incomes over $20,000, but there are 25 percent of elderly individuals with incomes of under $5,000, and a fifth of couples with incomes under $10,000.

The elderly poverty rate has declined over time. Due to economic growth and useful social programs, today it is at 12.4 percent. But that figure needs to be culled out a bit; we need to pull out a few figures. If you look at specific groups within that group, 23 percent of all elderly Hispanic persons fall below the poverty line, 36 percent of all blacks, 24 percent of all unmarried white elderly persons, 46 percent of unmarried white—24 percent of unmarried white female persons fall below the poverty line, 46 percent of unmarried Hispanic elderly women, and 63 percent of unmarried black elderly women. So we have a very diverse group.

Further, this new mythology that all elderly are well and healthy fails to recognize one very important point, and one point that I think Mr. Hewitt has raised, and I would have to agree with him. The middle-class elderly who, by and large today are doing reasonably well, the middle-class elderly face one major financial risk to their economic security—it is the cost of long-term care, and what that can do to their family and then to the middle-age families below them, their children, and their children's children is very significant.

So to suggest that all elderly are doing financially well is inaccurate, and to suggest that even those who are doing well will remain so is not entirely correct—to suggest that there is a lot of variability is important, just as it is important to suggest that there is tremendous variability within the baby-boomers and within other age groups.

The CHAIRMAN. I think I have given enough time to Mr. Hewitt and Dr. Kingson. I would like to ask each one of the other witnesses if they have a closing statement. We will start with Dr. Giordano.

Dr. GIORDANO. Very briefly, Chairman Roybal, I am most appreciative of being here. I think Mrs. Schneider summed it up very nicely—she said that we all are in this together. There are prob-

lems, but I think they can be solved. Americans always approach problems that way.

I think whatever we do, we must do it with a considerable amount of generosity and a good deal of concern for the dignity and welfare of everybody in this country. And I think when we consider those very traditional American values, I believe that we can solve these problems and not really have a conflict, but in fact, emphasize the common bonds between generations.

Thank you.

The CHAIRMAN. Mr. Taylor.

Mr. TAYLOR. Mr. Chairman, Mrs. Schneider made a point which I think is well taken. Why, she asked, are we all talking about what Government can do—why are we not talking about what the family can do, what the private sector can do. I guess the reason is that is because we are here. If we were in front of the U.S. Chamber of Commerce or the Business Round Table, we might be telling them what the private sector could do.

Second, at the risk of surprising him, I think I would agree with Mr. Hewitt that the public is confused as to the solutions to many of the problems facing the Nation. And why? Because many of our leaders have different opinions, and it would be surprising if there was, therefore, a total consensus among the public.

Having said that, there really is a consensus on a number of things. There is a consensus of concern about the deficit, even though there is also a great deal of confusion. There is overwhelming support for some Government programs, particularly for Social Security, for health programs for the elderly and for children. And there is indeed overwhelming support, if cuts have to be made, overwhelming support for cutting defense before any of those programs are cut.

These attitudes are found amongst all age groups and all generations. And indeed the striking thing to me as a social scientist is that in this country we have this intergenerational consensus, agreement on policies affecting all generations and age groups, and that the concept of intergenerational conflict on government policies, at least, is that it just doesn't exist—it is a myth.

The CHAIRMAN. Ms. Bourdette, you have the last word. Please proceed.

Ms. BOURDETTE. Thank you. I think it is just important that all of us join together, young and old, black and white, Hispanic, women and children, to address the concerns of poverty in this country; to address the problem of poverty in this country in a concerted effort. And we must, to do that, really reverse the budget policies of the last few years and chart a new budget course that is based on very different priorities; priorities that look at the family, that look at children, and that look at taking care of our people.

Thank you.

The CHAIRMAN. Is there anything that any member of the panel may wish to add at this time?

[No response.]

The CHAIRMAN. If not, I would like to thank each and every one of you for very excellent testimony. I would like to thank GSA for their fine report, and for releasing their report at this hearing.

They have produced a very excellent report that I am sure will be extensively used.

Again, we thank each and every one of you for your presence. The meeting is now adjourned.

[Whereupon, at 3:20 p.m., the hearing was adjourned.]

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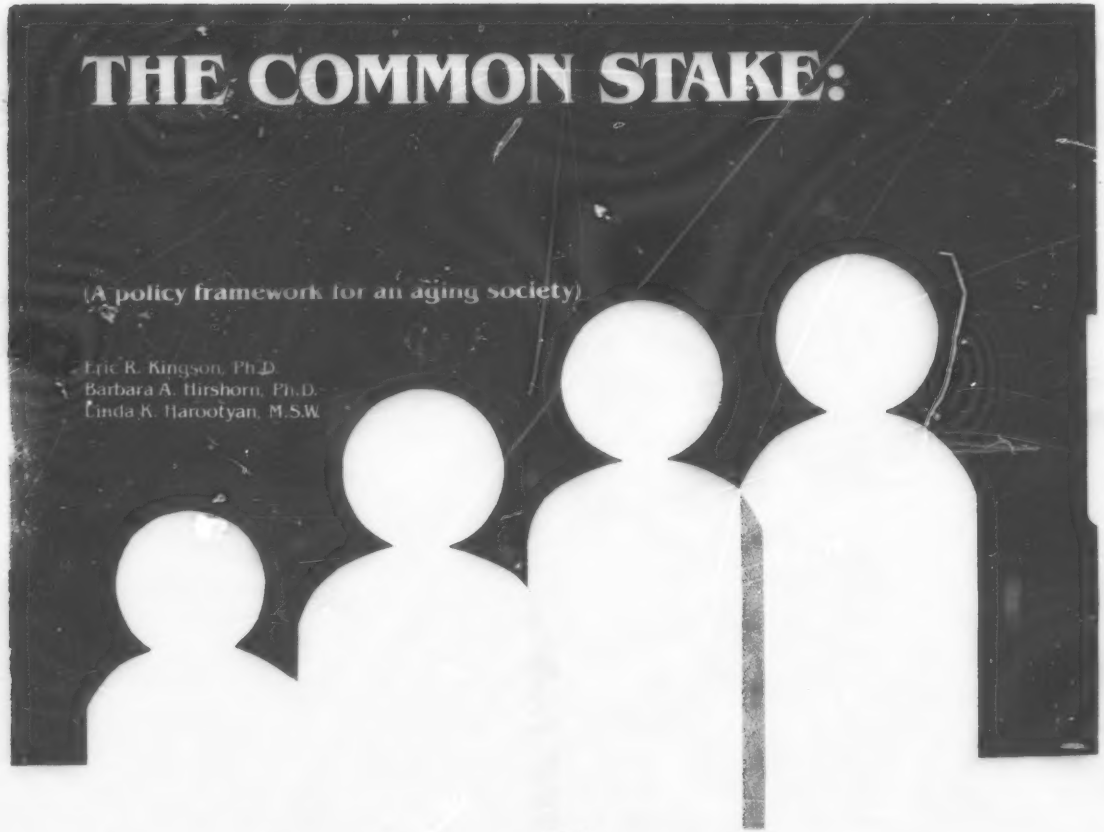
THE COMMON STAKE:
(A policy framework for an aging society)
Eric R. Kingson, Ph.D.
Barbara A. Hirshorn, Ph.D.
Linda K. Harootyan, M.S.W.

This discussion of a policy framework for an aging society is based on a longer study entitled *The Common Stake: The Interdependence of Generations in an Aging Society*, prepared by The Gerontological Society of America. The full study will be published as the first in a series of Society reports on emerging issues in an aging society. The reports are intended both to illuminate those issues based on what is known through research and to identify gaps in knowledge important to understanding and responding to the particular issue in question.

As the national professional organization for gerontological researchers, educators, and practitioners, the Society feels a special responsibility to help make the results of research accessible to decision makers, opinion makers, and other interested individuals.

Preparation of this paper was supported by the American Association of Retired Persons (AARP). Preparation of the full study was funded by the John A. Hartford Foundation, the AARP Andrus Foundation, the Allied Corporation, and the National Institute on Aging. The Society acknowledges with deep appreciation the support provided by these organizations.

The Society is also extremely grateful to the Steering Committee of Society members and the National Advisory Committee, both of whom assisted in the development of the study, and to many others who assisted with various aspects of this report.

The authors are Eric R. Kingson, Ph.D., Assistant Professor, University of Maryland at Baltimore, School of Social Work and Community Planning; Barbara A. Hirshorn, Ph.D., Research Associate, The Gerontological Society of America; and Linda S. Harootyan, Director of Information, The Gerontological Society of America.

The full report will be available in early summer for $9.95 through Seven Locks Press, P.O. Box 72, Cabin John, MD 20037.

The views expressed in this report are those of the authors and not necessarily those of the members of the Steering Committee or the National Advisory Committee, nor are they official positions of The Gerontological Society of America.

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THE COMMON STAKE:
THE INTERDEPENDENCE OF GENERATIONS

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THE COMMON STAKE: THE INTERDEPENDENCE OF GENERATIONS IN AN AGING SOCIETY

Introduction

America is aging, and the projected magnitude of changes in the population is clear. The number of people aged 65 and over is expected to increase from 29 million today to 65 million by 2030. By the same year, the number of persons aged 85 and over will have grown from 2.7 million to 8.6 million.[1] One study projects the number of elderly* who need some kind of long-term care jumping from 6.6 million in 1985 to 12.9 million in 2020.[2]

Changes of this magnitude will require new responses from the public and private sectors. However, the desired shape and, in some instances, even the desired goals of the responses are far less clear. In fact, the nature of the nation's response to an aging society is under debate—a debate that is very much a part of the current discussions about federal budgets and deficits and the future role of government in the United States.

The debate is complicated by concerns over the growing rate of poverty among the nation's children, by uncertainties about the impact of the federal debt on the country's economic future, and by sharp differences over federal spending for domestic and defense programs.

The debate is further complicated by the lack of consensus for a policy framework within which to debate policy options. Perhaps the lack of such consensus is not surprising given that, because an aging population is a new phenomenon, the nation has little experience to guide its future actions.

However, it is important to understand not only that such a consensus is lacking, but that the policy framework finally agreed on will shape the questions society asks about and the responses society gives to the challenges posed by an aging population. For these reasons, **the main purpose of this paper is to highlight the importance of properly framing the policy debate concerning the future of an aging society and to warn of the consequences of doing otherwise.**

Accordingly, this paper summarizes the major points about an aging society that need to be understood to frame and analyze associated issues properly, and it then discusses two approaches to framing policies in light of these points. One approach uses the concept of "intergenerational inequity;" the other the concept of the "interdependence of generations."

The intergenerational inequity approach is discussed as an example of a policy framework based on some misunderstandings about the aging society. It frames policy issues in terms of competition and conflict between young and old over the distribution of scarce resources. Finding current social policies unfairly tilted toward the elderly, burdensome to future generations, and fostering intergenerational conflict, it asks how programs such as Social Security and Medicare can be cut.

The interdependence of generations approach is discussed as an example of a policy framework

based on understanding the implications of an aging society. It recognizes that the reciprocity of giving and receiving among individuals and generations over time is critical to social progress. Finding the aging of the population both a success and a challenge, it asks how generations can work together to meet the needs of people across the life course.

Before proceeding to discuss the reasons for and nature of the aging society, two caveats should be noted.

First, for the purposes of this piece at least, it is assumed that proponents of both approaches to policy accept the need for fairness and economic growth in society and agree that $200 billion in annual federal deficits are an unfair burden to pass on to future generations.

And second, in policy debates, images are at least as important as intent, and, more importantly, the two do not always match. This point is particularly relevant in assessing the intergenerational inequity approach. Proponents of this approach, it is assumed, are interested in avoiding rather than promoting conflict between generations. However, because for the most part their statements compare public expenditures on younger Americans with those on the elderly rather than with Pentagon spending, tax breaks, etc., and because such statements almost always include complaints about Social Security, proponents for the intergenerational inequity approach leave the impression, intended or not, of pitting the young against the old.

By the same token, many advocates for the elderly, acting like any interest group, concentrate on issues seemingly of concern only to the elderly and leave the impression of overlooking other age groups in society.

This report is intended to challenge equally all the advocates participating in the national debate over how to respond to an aging society.

Public and Private Transfers of a Four Generation Family

Riki Sheehan, now of Washington, D.C., fondly remembers her grandparents' farm in New York. Summers off from public high school were spent with her grandparents, an arrangement that proved ideal for Riki's working parents.

At age 65, after they both worked all their adult lives, her grandparents retired and headed for the sunshine of Florida, where they led an active and full life for the next 20 years. They lived comfortably off income from Social Security, private pensions, and small investments. Riki, who was attending a private university during this time, and her sister, who was at a state university, visited their grandparents frequently.

Then, in their mid 80s, Riki's grandparents' health began to deteriorate. Riki's mother, Mrs. Foster, decided to move the grandparents closer to her in New York where she could help with shopping and other household chores. But since they had not anticipated this situation, Mrs. Foster and her husband, themselves entering retirement, had already sold their large four-bedroom home and moved to a small condominium. Clearly there was no room for her parents. Mrs. Foster found a residential home nearby where her parents lived for a year. Then, the grandfather's condition worsened, requiring more intensive care. After a lengthy search, Mrs. Foster, with assistance from Riki, found a nursing home that would take both grandparents, a difficult task given their different care needs. Mr. and Mrs. Foster, Riki, and her sister visited the grandparents as often as possible, first at the residential home and then at the nursing home.

In the meantime, Riki and her husband, both of whom work, became parents for the first time, and Mrs. Foster came to Washington to help Riki and the first member of the fourth generation come home from the hospital.

Since then, the grandparents have died at ages 89 and 90. Mrs. Foster continues to work part time as director of a senior citizens center. Riki has returned to work, and Benjamin has entered day care. The giving and receiving—the transfer of both public and private resources—continues for the Foster family.

*Throughout this paper the term *elderly* is used to refer to persons aged 65 and over. The *very old* refers to persons aged 85 and over.

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Understanding the Aging of America

In order to adequately frame and analyze issues associated with the aging of America, it is important to understand

- the aging society as both a success and a challenge;
- the great diversity of the elderly population;
- the interdependence of and reciprocity between individuals and generations in society;
- the implications of the life course perspective; and
- the nation's ability and opportunities to shape the future.

The Aging Society: The Trends and the Challenge

The aging of America is both a success and a challenge!

More people are living longer. Due largely to improved sanitation, improved public health, and the control of life-threatening (especially childhood) diseases, life expectancy at birth has increased from about 47 years for men and 49 years for women in 1900 to an estimated 71.5 years for men and 78.8 years for women in 1985. This trend is expected to continue, though at a slower rate, so that in 2060 life expectancy at birth is expected to be 76.9 years for men and 84.6 years for women. Most of these future improvements will be the result of increases in life expectancy at age 65—from an estimated 14.7 years for men and 19.1 years for women in 1985 to an estimated 17.6 years and 23.0 years, respectively, by 2050.[5]

For the individual, these and other demographic trends mean that the probability of reaching age 65 is very good. About four out of five individuals can expect to reach that age, at which point there is—all things being equal—a better than 50 percent chance of living past 80.

At the same time, the quality of life for increasing numbers of elderly people is also generally better than that for previous generations.[6] Most impressively, during the past 25 years the economic well-being of the elderly has greatly improved. Paralleling these advances is the growing opportunity for an aging society to use the talents and experience of the elderly.

The increased probability of reaching old age and the generally improving quality of life in old age can be credited largely to all the successful advances made by past and present generations in addressing problems across the life course, including public and private investments made in successful research, in education and public health programs, in public policies, and in economic growth. These investments often were made in policies and programs having no apparent connection with the aged as well as in those that appear to serve only the elderly. For example, programs that have all but eliminated many life-threatening infectious diseases may have been justified previously for their benefit to children and young adults, but their success also accounts for the increasing numbers who survive to old age. Similarly, Social Security provides income directly to retirees, but the program, as will be discussed later, also benefits younger persons in many ways.

However, even while acknowledging the advances made, we, as a society, must recognize the reality that millions of older people continue to live in or near poverty and continue to be afflicted with debilitating chronic illnesses. We should also recognize that the large majority of the elderly who are not poor or not significantly limited in their normal activities—and even many who are—wish to maintain their autonomy. And most also wish to contribute fully to their families and communities, even in advanced old age. Thus, we are challenged to find ways to ensure the economic well-being of the elderly, to reduce the incidence or to delay the onset of chronic illness, to provide humane care to those who require assistance or attention on a continuing basis, and to pro-

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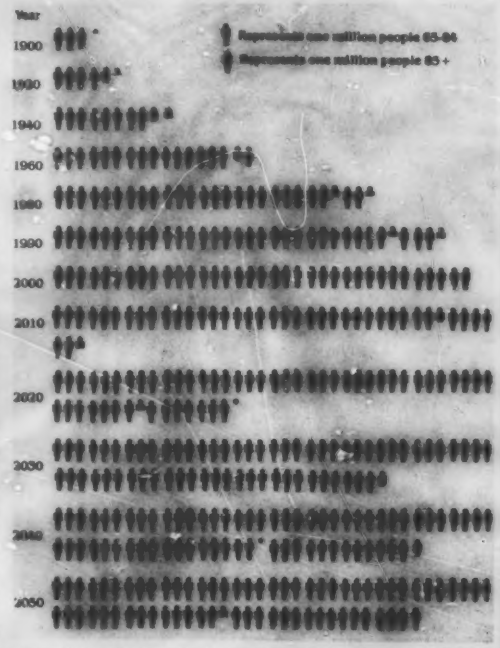
vide opportunities for the elderly to make productive contributions to society.

The importance of meeting this challenge will increase as the elderly population continues to grow both in numbers and as a percent of the population. Today, about 29 million—representing 12 percent of the population—are elderly. Between now and the year 2000, the Census Bureau estimates modest growth in the numbers (to about 35 million) and percent (to about 13 percent) of the elderly population. Beginning around 2010, when the first members of the baby boom generation reach age 65, the elderly population will swell, so that by 2030—the height of the retirement of the baby boomers—an estimated 65 million persons (about 21 percent of the population) will be elderly *(see chart 1)*. Moreoever, the very old—that is, the population aged 85 and over—are anticipated to grow even more rapidly, from 2.7 million persons today to 8.6 million in 2030 and to 16 million in 2050, when all the survivors of the baby boom generation will be aged 85 or older.[5] This trend is particularly significant since the prevalence of chronic illness and disability peak in the oldest age groups.

No matter what breakthroughs biomedical research may achieve

Chart 1

Population 65 years and over by age: 1900-2050



Sources: U.S. Bureau of the Census, *U.S. Census of Population 1890-1980* and *Projections of the Population of the United States by Age, Sex, and Race: 1983-2080*, Current Population Reports, Series P-25, no. 952, middle series.

[5]Since the term *generation* is used by journalists, academics, and the general public in many ways, it is important to differentiate among its several meanings. Sometimes an *age group* is referred to as a *generation*. Age groups are classifications made according to age (e.g., persons under 19 are often classified as children). More commonly, *generation* is used to describe a *birth cohort* (e.g., the baby boom generation). Birth cohort (also called "age cohort" or simply "cohort") refers to persons born at roughly the same interval of time—often measured within ten- or twenty-year intervals (e.g., the cohort born in the 1930s). *Generation* is also used to refer to a self-conscious group or subgroup of a birth cohort that may share a common set of concerns and political goals (e.g., "the rebellious generation of youth of the 1960s"). In addition to the above meanings, *generation* is sometimes used to refer to lines of descent—that is, *lineage within families* (e.g., grandparents, parents, children). In this report, *generation* is frequently used as a catch-all term for age group, birth cohort, and/or lineage within families.[6]

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or how innovative new policies may be, it will cost money to meet the challenge of an aging society. In fact, because the size of the older population will continue to increase, the cost of meeting that challenge—both financial and otherwise—no doubt will also continue to increase.

Ironically, this challenge is occurring at a time when the nation faces a serious federal deficit problem. Simultaneously, poverty rates for children are very high, with more than one-fifth of children under age 18 (21.3 percent in 1984)[6] officially defined as poor. Sharp budget cuts in many federal, state, and local programs designed to respond to the needs of poor children and their families further complicate the situation. Moreover, other demographic changes (e.g., growth in single-parent households, increasing labor force participation of women) are limiting the amount of time family members can devote to providing direct care to the very young or to the functionally disabled of any age. And finally, it is a time of economic change in the country, of questions about the quantity and quality of opportunities that will be available to younger generations, and of concerns about the impact the federal deficit will have on those opportunities.

The challenge of an aging society, then, includes but extends far beyond concerns related to the quality of life for the elderly. It also involves improving the quality of life for *all* members of society, regardless of age. And at its root it is linked to the need for economic growth and for the full use of the nation's productive capacity, which includes the growing potential of an aging population to contribute to the economy.

The Diversity of the Elderly

The outstanding charactertistic of the elderly, now and in the future, is their diversity.[7] This diversity ranges along a multitude of characteristics—from economic, work, and health status to race, gender, and even age—since at any given time "the elderly" consist of several birth cohorts. Indeed, the older population is really composed of many different groups of different ages and with vastly different needs.

Diversity of economic circumstances. Just as it is important to recognize the general improvement in their economic status, it is also important to note the great variety of economic circumstances among the elderly. For instance, in 1984, approximately one-fifth of elderly families reported incomes under $10,000, while one-quarter reported incomes of $30,000 or above. Among elderly individuals, 25 percent reported incomes under $5000 and about 11 percent reported incomes of $20,000 or above (*see chart 2.*)[8] Similarly, while some elderly are very well-off and others modestly so, there remains a substantial portion whose economic status is marginal at best. For instance, in 1984 the incomes of 5.6 million elderly (21.2 percent) were below the near-poverty thresholds ($6224 for a single elderly person and $7853 for an elderly couple in 1984).[9] Further disaggregation of the income statistics shows that certain groups of the elderly—namely widows, the very old, and minorities—have very high poverty rates. About 23 percent of all elderly Hispanics, 36 percent of all elderly blacks, 24 percent of elderly unmarried white women, 46 percent of elderly unmarried Hispanic women, and 63 percent of elderly unmarried black women had below-poverty incomes in 1983.[10]

Diversity of health status. As with variations in economic well-being, the diversity of health status among the elderly is striking and will remain so in the future. Although most of the noninstitutionalized elderly consider themselves to be in good or even excellent health, approximately one-fifth report poor health that limits their ability to carry on at least one major activity of daily living.[11] This diversity can also be seen when the need for in-home and institutional long-

long-term care services is described according to different age groups among the elderly. Persons aged 85 and over are more than four times as likely as persons aged 65 to 74 to need such services (see chart 5). Similarly, reported health status among the elderly varies according to income status and race, with the higher-income elderly and nonminority elderly generally reporting better health than other elderly persons.

Importance of understanding this diversity. The heterogeneity of the elderly has been emphasized because stereotypes of the elderly—as either all rich or all poor, all healthy or all ill, all retiring voluntarily or all retiring involuntarily—do not provide a realistic basis for public planning. Understanding this diversity is critical if society is to assess accurately the various impacts of policies and proposed changes on particular groups of the elderly. Further, an appreciation for the importance of recognizing the diversity among the elderly should lead to an essential appreciation for the importance of recognizing the diversity among other population groups as well, such as children and the middle-aged.

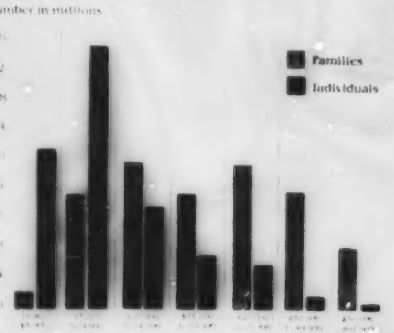
Interdependence and Reciprocity

A high degree of interdependence exists in the United States. While society fully appreciates the importance of encouraging autonomy, we also recognize that it is quite normal for individuals to have needs throughout their lives that can only be met by other individuals or social institutions. Thus, while it is generally understood that children, persons with significant health problems, and the elderly—especially those who are ill or otherwise limited—need the assistance of others, it is also true that needs exist at all points in the life course, even for those who think of themselves as highly autonomous.

The amount and type of resources individuals give and receive vary throughout their lives, generally in the following pattern: 1. in childhood individuals mainly receive resources, 2. throughout the young adult and middle years, individuals usually give more than they receive, and 3. in later years—particularly in advanced old age—individuals increasingly receive resources but often still give them as well. For instance, a study conducted by University of Michigan economist James N. Morgan shows it is mainly middle-aged family members who assist friends or relatives not in their immediate families by giving one or more of the following: time or money in an emergency, regular financial support, or housing. The same study shows it is mostly the young and the very old who receive such as-

Chart 2

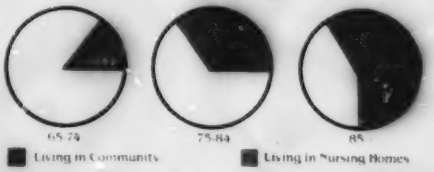
The diversity of incomes among elderly families and individuals in 1984



Source: U.S. Bureau of the Census, "Money Income and Poverty Status of Families and Persons in the United States: 1984," advance data from the March 1985 Current Population Survey, Current Population Reports, Series P-60, No. 149 (Washington, D.C.: U.S. Government Printing Office, 1985).

Chart 5

Percent of population age 65 + in need of long-term care services in 1980



Source: Kenneth G. Manton and Burton Vertrees, "The Future Growth of the Long-Term Care Population: Projections Based on the 1977 National Nursing Home Survey and the 1982 Long-Term Care Survey," as cited in Senate Special Committee on Aging, *Developments in Aging: 1984*, 1985.

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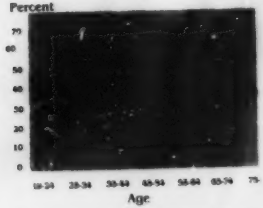
Chart 4

Giving or getting in one or more forms, by age



Source: James N. Morgan, "The Redistribution of Income by Families and Institutions and Emergency Help Patters," in *Analyses of the First Thirteen Years of the Panel Study of Income Dynamics*, vol. 10 of *Five Thousand American Families: Patterns of Economic Progress*, ed. Greg J. Duncan and James N. Morgan (Ann Arbor, Mich: Institute for Social Research, University of Michigan, 1983).

sistance *(see chart 4)*, although these age groups are also involved in giving.[14]

The reciprocity of giving and receiving is the bond of *interdependence* that links members of society together. Interdependence is a primary means by which the needs of all members of society are met. Further, this interdependence extends between generations. For us to continue and progress as a society, each generation must provide assistance to and receive it from those that follow.

The Life Course Perspective

The life course perspective, rather than simply focusing on one moment in time (e.g., childhood or old age), examines individuals and cohorts and their needs throughout their entire lives.[15]

The life course perspective helps clarify the reciprocity of giving and receiving that exists between individuals and generations over time. It also suggests that quality of life at all ages is related in part to prior experiences, which, in turn, implies 1) that quality of life in old age for current and future generations of the elderly is shaped by policies directed at all age groups, and 2) that each generation is affected by policies that will shape its well-being at all points in the course of life. In short, the life course perspective points to the risks involved in focusing narrowly on the momentary interests of any particular generation and underlines the importance of examining policy interventions in terms of the entire life course and the needs of society as a whole.

The Future Can Be Shaped

In thinking about the future and the aging of America, it is important to remember that **the shape of the future can be changed by choices made today.** For instance, monetary and fiscal decisions and investments made today can, to a significant degree, shape the economy of the future. Similarly, workers can be encouraged or discouraged to stay in the labor force past what are today considered the early and normal retirement ages. Moreover, investing in research for prevention and treatment of chronic conditions such as Alzheimer's disease, other dementing illnesses, osteoporosis, osteoarthritis, and urinary incontinence could both reduce the anticipated rate of increase in future public and private expenditures for the treatment of these debilitating conditions and improve the quality of life for tomorrow's elderly (who are today's children, young, and middle-aged workers).

Indeed, as noted previously, the aging of the population is a direct result of research, education, and investments, all of which have changed the shape of the nation's population from what could have been projected at the start of the century.

The Intergenerational Inequity Framework*

The intergenerational inequity approach to policy has emerged as a direct result of the current debate over the role of government in society. Briefly stated, this is its rationale, as we understand it:

> Due to previous circumstances of the elderly and the broad-based perceptions of the elderly as both "needy" and "worthy," there has been a flow of public resources (income, health, and social services) toward the elderly, which has successfully improved their economic status and access to health care. In fact, the elderly are (or shortly will be) financially better off than the nonaged population. In light of this improved status, of large federal deficits, of the cost to younger persons of continuing present policies, and of anticipated growth of the elderly population, the flow of resources to the elderly seems "intergenerationally inequitable" and a source of intergenerational conflict.

While seemingly neutral in approach and possessing an intuitive appeal (who can be against fairness?), this approach, whether by design or inadvertence, carries with it very pessimistic views about the implications of an aging society. At the same time, "intergenerational inequity" is emerging as a catch-all slogan for a number of concerns, complaints, and/or calls for policy changes, which are based on perceptions such as the following:

- programs for the elderly are a major cause of current budget deficits and economic problems;
- the elderly receive too large a portion of public social welfare expenditures to the detriment of children and other groups;
- because of demographic trends, the future costs of programs for the elderly will place an intolerable burden on future cohorts of younger workers; and
- younger people will not receive fair returns for their Social Security and Medicare investments.

While the concerns and charges may vary, the constant implication running through each is that policies and programs for the elderly are "unfair" and result in intergenerational conflict. This position has been stated succinctly in a novel by Colorado's Governor Richard D. Lamm, written as a warning about the future, in which a committee in the year 2000 sends the president of the United States a memorandum on intergenerational conflict:

> Simply put, America's elderly have become an intolerable burden on the economic system and the younger generation's future. In the name of compassion for the elderly, we have handcuffed the young, mortgaged their future, and drasti-

*This critique of the intergenerational inequity framework as an approach to policy-making should not be confused with opposition to a fair (equitable) society. Nor should it be confused with opposition to the goal of fairness between generations. As will be discussed, the problem with the intergenerational inequity framework as an approach to policy-making is that it is quite flawed and uses narrow definitions of fairness (equity) to draw broad and highly questionable conclusions about what is fair.

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cally limited their hopes and aspirations.

> The policymakers of the 1960s and 1970s . . . set up unsustainable pension systems. . . . They placed the bill for all these programs on succeeding generations, who consequently inherited the crippled economy their excesses caused. . . . The biblical story of the prodigal son has been turned on its head: we now have the sad but true story of the "prodigal father."[16]

The theme of intergenerational conflict has received growing attention in the media, and efforts are underway to turn the "intergenerational inequity" slogan into an approach for policy analysis and formulation—one that frames policy questions primarily in terms of competition and conflict between generations.

As articulated thus far, the framework assumes that it is possible to measure accurately the fairness of the flows of resources between generations; that the amount of resources available for social programs in the future will and should be comparable to or less than what is currently available; and that advances in research, education, and economic growth will not change straightline projections of future health care and retirement income needs or of the ability of society and individuals to respond to such needs.

As its basis of analysis, the approach evaluates costs and benefits of social policies primarily at a single point in time, measures fairness in terms of dollars rather than outcomes, and draws many of its conclusions from comparisons between broad demographic groups such as "the elderly" and "children."

Summary of Flaws and Misunderstandings

A number of these assumptions are based on misunderstandings, and the analytic approach in itself is flawed. The misunderstandings and flaws are summarized below.

Misunderstandings about the implications of population aging. As previously noted, anticipated changes in the size and proportion of the elderly population are substantial. Unfortunately, recognition of population aging is often accompanied by great pessimism about society's ability to meet the needs of future generations of the elderly while also meeting the needs of other groups.

Many pessimistic arguments are based on the oft-referenced "aged dependency ratio" (also called the "elderly support ratio"), which measures the number of persons aged 65 and over (all of whom, for the purpose of this measure, are presumed "dependent") for every 100 persons aged 18 to 64 (all of whom are presumed to be contributing to the economy). Currently, there are 19 dependent elderly persons per every 100 persons of so-called "working ages." Using the definition above, the aged dependency ratio is projected to rise slowly to 22 persons in 2010 and then increase rather precipitously to 37 persons by 2030[17] leading some to conclude that the costs of programs for the elderly will be unsustainable unless drastic changes are made now.

Sounds ominous indeed, but the aged dependency ratio as described only shows part of the so-called "dependency burden." In contrast, the "overall dependency ratio" (also called the "total support ratio"), which measures the total number of persons under age 18 plus those aged 65 and over for every 100 persons aged 18 to 64, provides a very different picture (*see chart 5*). **Never at any time during the next 65 years is the overall dependency ratio projected to exceed the levels it attained in 1964.**[18] While it should be noted that the composition of governmental and private expenditures for younger and older Americans is quite different, clearly the overall dependency ratio does not paint quite so gloomy a picture about society's ability, through public and private mechanisms, to enhance the quality of life for persons of all ages.

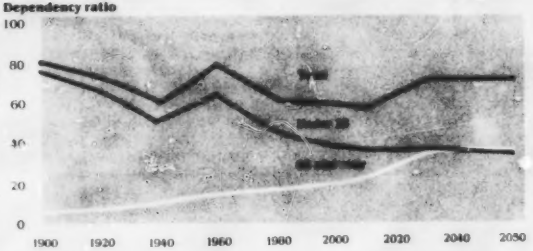
Further, both the aged dependency ratio and the overall dependency ratio are flawed because they

fail to take into account such factors as the increasing labor force participation of women, the potential for significant portions of the elderly to work longer, or the effect of economic growth.[19] For example, when the midrange assumptions of the Social Security Administration about the growth of the economy and the size of the future U.S. population are used, real GNP per person is projected to nearly double by 2020 and triple by 2050[20] *(see chart 6)*. Undoubtedly, there are numerous distributional issues. Further, it is most likely that the future will not be identical to what is projected today. However, the important point is that, barring unforeseen disasters, the economy of the future seems likely to be able to support a mix of programs for all age groups.

Yet another problem with the demographic determinism inherent in the intergenerational inequity framework is the implicit belief that very little can be done to shape the future of an aging society other than reduce public sector commitments to current and future cohorts of the elderly. It assumes population aging will *inevitably* result in an intolerable burden on future workers. In doing so, it fails to recognize the tools available to policymakers—ranging from monetary and fiscal policies to education and research—that can help shape the future.

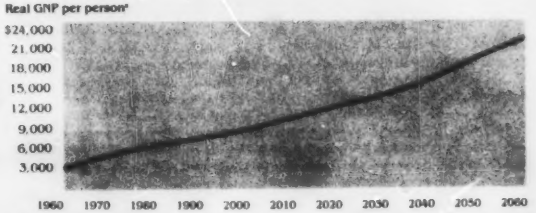
Chart 5

Young, elderly, and total dependency ratios 1900-2050



Source: U.S. Department of Commerce, Bureau of the Census, *Population Projections of the Population of the United States by Age, Sex, and Race: 1983 to 2080*, Current Population Reports, P-25, no. 952 (Washington, D.C.: U.S. Government Printing Office, 1984).

Chart 6



*Based on intermediate (Alternative IIB) assumptions in the Annual Report of the Social Security Board of Trustees. Includes estimates for the U.S. and for persons outside the 50 states and the District of Columbia who are covered by Social Security. Estimates are in 1972 dollars.

Failure to recognize the diversity of the elderly. New images of the elderly are being presented to the public. The former stereotype of the elderly as homogeneously weak, ill, and poor is in the process of being replaced by a new stereotype of the elderly as a homogeneously well-off special interest group whose very success in gaining entitlements may place an unfair burden on the work force, especially as their numbers increase.[21] Neither stereotype is accurate.

Unfortunately, having discovered that all elderly are not poor, some journalists, academics, and policymakers have gone to the other extreme and declared that all elderly are financially comfortable, thereby justifying the position that public benefits should be reduced. Typical among such commentaries is a *Forbes* article, which notes:

> The myth is that they're sunk in poverty. The reality is that they're living well.[22]

The intergenerational inequity framework draws on and promotes this new stereotype. However, failure to recognize the heterogeneity among the elderly—even among those aged 85 and over—leads to distortions in how social problems are defined, to misunderstandings about the implications of policy options, and ultimately to poor policy. Even so, these stereotypes persist, in part because stereotypical thinking is convenient, in part because negative attitudes about the elderly and growing old exist, and in part because, for some, stereotypes further political ends such as reducing social programs.

Misunderstandings about relations between generations. The intergenerational inequity framework gives the impression that conflict between generations is the norm, rather than the exception. Certainly, examples of conflict can be found, such as those showing portions of the elderly voting against a particular school-related tax or for politicians who favor laws prohibiting persons under age 50 from living in particular neighborhoods.[23] However, care should be taken not to conclude from such incidences that conflict between generations is the "rule" or that the elderly are a cohesive political group intent on forcing their will against the interests of the young (or vice versa). In fact, in spite of assertions of "senior power" by the press and by senior advocacy organizations themselves, lifelong party affiliation, social class, race, and political beliefs exert greater influence than age on the voting behavior of the elderly.[24]

Further, public opinion surveys provide consistent evidence of the willingness of all age groups to support programs for the elderly. For example, a July 1985 Harris poll indicates that, given a choice between cutting defense spending versus cutting Medicare, 65 percent of persons aged 18 to 29, 73 percent of those aged 30 to 49, 73 percent of those aged 50 to 64, and 71 percent of the elderly responded that they would prefer to see defense cuts.[25]

There is also considerable evidence that the elderly are concerned about meeting the needs of younger persons. For example, in a 1983 poll commissioned by the American Council of Life Insurance, 88 percent of the elderly believed parents should feel a great deal or some responsibility to provide their grown children with a college education, and 85 percent believed parents should feel a great deal or some responsibility to provide their grown children with a place to live if those children are unable to afford their own.[26]

In short, while there is always some tension between various groups in society, the bonds between generations are very strong, and there is little real evidence of significant intergenerational conflict. In large part this is because people understand that successive birth cohorts and generations (within families) are interdependent.[27]

Use of narrow and misleading definitions of fairness. The view of social justice that is based on the

perceived fair distribution of resources among those with competing claims and that is promoted by the intergenerational inequity frame-work is extremely narrow and therefore misleading.

First, equity between generations, while certainly desirable, is a very limited criterion by which to judge the social justice ("fairness") of distributing scarce resources among those with competing claims. Even if all parties could agree on what constitutes a fair distribution of resources among generations, achieving such a balance would not necessarily meet many of the nation's goals for social justice. For example, it would not guarantee 1) that poor citizens would be provided with minimally adequate resources; 2) that nonpoor citizens would be protected from the risks of drastic reduction in their standard of living due to factors beyond their control; or 3) that all citizens would be afforded equal opportunity to achieve what their potentials allow. In short, as Robert Binstock, a political scientist at Case Western Reserve University has observed, the current preoccupation with equity between generations "blinds us to inequities within age groups and throughout our society."[28]

Second, implicit in the definition of fairness used by some who are concerned with perceived intergenerational inequities is the idea that per capita public expenditures on children and the elderly ought to be equal.*

While it is certainly tempting to equate "numerical equality" with fairness, the concepts are not the same. Such an equation assumes that the relative needs of children and the elderly for public expenditures are identical and that equal expenditures are the equivalent of social justice. In fact, a sense of fairness based on the concept of need may require that greater per capita expenditures be directed at children than at the elderly, or that very substantial outlays of public resources be directed at certain subgroupings of children (for example, the growing number of children living in poverty), but not at others. Further, even if the aggregate needs of each group were the same, equal per capita expenditures directed at children and the elderly in the face of substantial unmet needs are not the same as social justice, nor would they result in equal outcomes.

Adopting this definition of equity might lead to another similarly narrow view. If equal per capita shares is accepted as the criterion for equity in distributing public resources to children and the elderly, it would seem reasonable to expect that the private intergenerational transfers that occur within the context of the family (and that now go predominantly to children) ought to be equally distributed between

*The elderly receive a larger share of expenditures from combined federal, state, and local sources than do children—about three times as much on a per capita basis.[29] While it would be possible to refine this ratio by subtracting out both the proportion of social insurance benefits previously paid through payroll tax contributions and the current tax payments of the elderly, it seems reasonable to assume that the elderly would still receive a larger per capita share of public expenditures.

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*The "rate of return" on younger workers' Social Security investments will generally be lower than that of current retirees mainly because, in the early years of Social Security, benefits were paid to persons who made relatively small contributions into the system. Most pension programs—both public and private—provide special benefits in their start-up phase to workers nearing retirement. Private employers almost always give past service credit when plans are being established or benefits liberalized. That is similar to what Social Security did. So it is not surprising that the rate of return for workers retiring early in the history of the program was considerably higher than that anticipated for future retirees. The important point for young workers is that Social Security provides a reasonable rate of return to them and, at the same time, serves many other important functions—including providing guarantees and protection (e.g., against inflation) generally unavailable elsewhere.

*For further discussion of these and other related points, see chapters 4 and 8 of the forthcoming report, *The Common Stake: The Interdependence of Generations in an Aging Society.*

the children and the elderly within a family unit. Of course, such a position would be preposterous.

Third, a limited standard of fairness is sometimes used to evaluate Social Security and Medicare. It is sometimes argued that Social Security is unfair because today's young, as a group, will not have as high a rate of return on their "investments" in these programs as current retirees.* Still others consider it "intergenerationally inequitable" that these programs do not function like private insurance programs, in which benefits are strictly related to the amount of contributions made.

The concept of fairness incorporated in such arguments is based on a misunderstanding of the multiple purposes of social insurance programs such as Social Security and Medicare. These goals include preventing economic insecurity through the sharing of risks against which very few could protect on their own, enhancing the dignity of beneficiaries, and providing stable financing. For example, to prevent economic insecurity, Social Security must provide a floor of protection through special provisions for low-wage workers and for certain family members, thereby emphasizing social adequacy.[30] Once this goal is accepted, it is impossible to guarantee in addition that the rate of return for all parties will be identical. Further, to do so would undermine the goal of preventing economic insecurity.*

Use of limited measures to draw broad conclusions. Those who would accurately measure the various flows of resources between generations to determine the fairness to particular cohorts have set an impossible task for themselves. Since each generation receives transfers from those that precede it and also gives transfers to those that follow, to reach accurate conclusions about equity between generations would require an examination of transfers within the context of the multiple intergenerational public and private transfers that are occurring constantly. Further, such an examination would require answering questions such as the following:

> How should the economic and social investments made by previous generations be valued? What about those of current ones?
>
> Should part of what is spent on the elderly be counted as a return on *their* investments in younger generations? Should part of what is spent on children be considered an investment in the future productivity of that society?
>
> How should investments made in research, conservation, environmental protection, and defense be allocated among generations?

Ultimately, attempts to measure equity between generations might

lead to the illogical conclusion that very substantial intergenerational inequities do exist because the standard of living (no pun intended) for those who are currently alive is, on average, better than that experienced in the past. In short, a major problem with trying to measure intergenerational transfers to determine the fairness of the relative flows between generations is that comprehensive measurement of these flows is virtually impossible and boggles the mind. As an alternative, analysts sometimes measure a particular resource transfer; for example, they identify trends in the percent of the federal budget directed at children versus the elderly. There is nothing necessarily wrong with making such measurements. The problem arises when they are used as the basis for broad and inappropriate conclusions about equity between the generations.

Misunderstanding about the common stake in social policies. By framing policy issues in terms of competition and conflict between generations, the intergenerational inequity perspective implies that public benefits to the elderly are a one-way flow from young to old and that there is no reciprocity between generations. This simply is not the case (see pages 19 to 25).

The intergenerational inequity framework also is based on, and promotes, similar misunderstandings about who benefits from programs directed at other age groups. Thus, it produces a faulty understanding of the many intergenerational implications of changing social policies.

Assumes a zero sum game. In accepting a framework that pits young against old over the division of scarce resources, the intergenerational inequity framework assumes a "fixed pie," which apparently can only be cut from one of two places—either the elderly or the young. By doing so, the framework implicitly accepts that the federal pie cannot be increased by economic growth or more tax revenues, and/or that the slice of pie for domestic programs cannot be increased as a result of reduced defense spending.

No doubt, resource limits are a fundamental reality of all societies. However, it is important to recognize that both economic growth and other trade-offs are possible. An approach to public policy that assumes that whatever resources are directed toward one age group diminishes the quality of life for another just does not square with reality.

Policy Implications of the Intergenerational Inequity Framework

Many of the issues raised under the rubric of the intergenerational inequity framework (e.g., budget deficits, poverty among children, housing costs for young adults) are important and require attention. However, because of its flaws, the framework may actually distract attention from careful consideration of such issues and lead to a number of negative social and policy outcomes.

Distracts attention from important policy issues. By framing issues in terms of trade-offs between young and old rather than in terms of policy goals or other trade-offs, the intergenerational inequity framework distracts attention from more useful ways of evaluating and making social policy, as well as from such important questions as 1) whether taxes should be raised; 2) whether the rapid growth and current composition of defense expenditures are in the national interest; and 3) whether new policies are needed to meet the needs of the most vulnerable citizens, regardless of age. For instance, discussions about the unacceptably high rates of poverty among children get obfuscated by the suggestion that declines in the elderly poverty rate since the late 1960s are casually related to the precipitous in-

crease in poverty among children since 1979—almost as if an increase in poverty among the elderly would somehow help children!

Promotes conflict between generations. Oddly enough, the intergenerational inequity framework actually promotes what one can assume its proponents hope to avoid
—intergenerational conflict. At present there is little evidence of significant age group antagonism; however, if the press, analysts, and politicians continue to frame issues in terms of conflict between generations, unfounded warnings of such conflict may become a self-fulfilling prophesy.[51]

Contributes to divisive competition between social welfare advocates. Similarly, the concept contributes to divisive competition among those interested in advocating policies directed primarily at serving particular age groups or at meeting particular needs. Ultimately, such competition will only serve the interest of those who, for reasons unrelated to equity between generations in an aging society, wish to reduce the government's role in providing social welfare.

Threatens the role of government as a mechanism that responds to human needs. By promoting conflict between generations and division among advocates of social welfare, the intergenerational inequity framework, if accepted, could help erode the intergenerational compact and undermine the use of government as a vehicle for responding to human needs. Further, by contributing to misconceptions about the value of intergenerational transfers to persons of all ages, the framework fosters conditions that could eventually undermine public support for critical income, health, and social service programs of benefit to persons to all ages.

Undermines the family. The intergenerational inequity framework could also help undermine the care-giving functions of the family. If, for example, it were used as the reason for government not to respond to the growing pressures on families for care-giving, many families could be overwhelmed by the stresses inherent in providing care to relatives. Moreover, by promoting conflict, the framework might even contribute to a subtle weakening of the bonds between successive generations within the family.

Summary Comments About Intergenerational Inequity

There is yet one final reason to be wary of framing issues in terms of competition and conflict between generations. While those who use this approach to policy-making come from across the political spectrum, some proponents may see it simply as a convenient rationale for a political ideology that opposes virtually all public efforts directed at meeting family and individual needs. This point of view encourages attitudes that do not fully represent either of the rich mix of values inherent in a pluralistic society or the balance that is generally sought between private and public solutions to social problems. **Thus, an intergenerational inequity policy framework may be a smoke screen for some ideas which are at odds with traditional values and commitments.**

Just as people of all ages have a stake in policies serving the needs of the elderly, so do people of all ages have a stake in how society responds to such challenges as meeting the needs of children and families and combating a growing federal deficit. However, satisfactory answers to these and other critical challenges will not be found through an approach that pits generation against generation in competition for resources. Wisdom in this instance begins with recognizing that to have needs is a universal rather than isolated condition and with understanding that each individual and each generation has a common stake in society's response to those needs.

The Interdependence Of Generations Framework

While acknowledging that the aging of the population will create problems and require new policy responses, the interdependence of generations approach begins with the view that the aging of society is a success, the result of a series of intergenerational exchanges over the centuries. This view is summarized in a speech by former Social Security commissioner Robert Ball:

> We owe much of what we are to the past. We all stand on the shoulders of generations that came before. They built the schools and established the ideals of an educated society. They wrote the books, developed the scientific ways of thinking, passed on ethical and spiritual values, discovered our country, developed it, won its freedom, held it together, cleared its forests, built its railroads and factories and invented new technology. . . .
>
> Because we owe so much to the past, we all have the obligation to try to pass on a world to the next generation which is a little better than the one we inherited so that those who come after, standing on our shoulders, can see a little further and do a little better in their turn.[32]

The framework assumes that private and public intergenerational transfers are central to social progress and that economic growth and advances in research and education can change the shape of the future from the expectations created by straightline projections derived from past experience.

As its basis of analysis, the approach recognizes the heterogeneity of age groups within the U.S. population, evaluates costs and benefits of social policies primarily over time rather than at just one moment in time, and stresses the importance of understanding who —indirectly as well as directly— pays for and benefits from social policies existing and proposed. Finally, the approach takes a life course perspective to help explain the seeming paradox of the autonomy and interdependence of individuals and age groups as they move through life. Consequently, it emphasizes the importance of thinking broadly about how policies directed at one age group may affect all others—at any given point in time and over time—as these groups age. And it suggests that in an interdependent and aging society, all generations have a common stake in family efforts and public policies, or intergenerational transfers, that respond to the needs of people of all ages. A brief discussion and illustration of these assumptions and analytic approaches follows.

The Role of Intergenerational Transfers

The interdependence framework is based on an understanding that intergenerational transfers are not limited to government programs and public policies that transfer income and in-kind services (e.g., Social Security, education between generations), but include private (e.g., family care-giving, inheritances) and societal (e.g., economic growth, new technology) transfers as well *(see chart 7)*.

To consider only transfers resulting from public policies and to overlook the role of the family and other private means of transferring resources between generations would be to miss a major way generations assist each other. Analysis that includes the value of housework and child care along with a few other nonmoney items (e.g., imputed rent from equity in a house) as part of the contribution made by individuals in families leads James Morgan to conclude that "the family is by far the most important welfare or redistributional mechanism even in an advanced industrial country like the United States with extensive public and private income maintenance programs;" he estimates transfers within families in 1979 to be $709 billion, equivalent to 30 percent of the gross national product.[33]

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Chart 7

Illustrations of intergenerational transfers likely to be given and received over the course of life by different groups*

	Intergenerational transfers given					Intergenerational transfers received				
	Children 0-15	Youth 16-22	Young adults and middle-aged 23-64	Elderly 65+	Functionally disabled of all ages	Children 0-15	Youth 16-22	Young adults and middle-aged 25-64	Elderly 65+	Functionally disabled of all ages
Private transfers										
Child care	✱	■	✱			■	■			
Care of family members other than children	✱	■	✱					✱	✱	■
Financial support within the family		■	✱			■	■	✱	✱	✱
Inheritances			■	✱		✱	✱	✱		
Transfers based on public policy										
Education		✱	✱	✱		■	■			✱
Social Security		■	✱	✱		✱	✱	✱	■	■
Health care programs (Medicare, Medicaid, etc.)		■	✱			✱	✱	✱	■	■
Roads, infrastructure, public utilities, etc.		■	✱	✱		✱	✱	✱	✱	✱
Societal transfers or benefits										
Economic growth	✱	■	✱			✱	✱	✱	✱	✱
Knowledge and technology		✱	✱	✱		✱	✱	✱	✱	✱
Culture	✱	✱	✱	✱		✱	✱	✱	✱	✱
Environment		✱	✱			✱	✱	✱	✱	✱
National defense	✱	✱	✱			✱	✱	✱	✱	✱

✱ Identifies transfer received or given. ■ Identifies transfer targeted on a particular group or for which the provider makes a particular contribution.

* This chart provides illustrations in intergenerational transfers typically given and received over the course of life. Clearly there is much variation within each of the groups listed, and so the chart should be viewed as simply presenting broad generalizations.

Generations also assist each other through societal intergenerational transfers. These involve, for example, the legacy (e.g., economic growth, culture, values, knowledge) older generations bequeath to younger ones as well as the improvements (e.g., economic growth, new technology) younger generations make to the benefit of older ones.

There is no guarantee that particular birth cohorts or generations (within families) will receive more than they will give through intergenerational transfers, although generally this has been the case in American society. However, without intergenerational transfers, the very continuity and progress of society and families would cease because needs that all experience at various points in life would not be met and legacies of the past would not be transmitted. One way or another, such transfers must and will be made. The extent to which they are made through the family, government, or other mechanism (e.g., private insurance) is largely a matter of social custom, historical circumstances, and economic efficiency of service delivery.

Currently, for children, especially the very young, the family is the principal provider. This is particularly true in this country because care-giving is a special domain of the family and because the public seeks to limit government involvement in the nuclear family. As a child ages, the family generally remains dominant, although formal structures (especially educational institutions) become increasingly important. Further along the life course, society has chosen to have government play a stronger role, especially through income maintenance and health care programs, in meeting the needs of the elderly. But, when available, families play a significant role in offering assistance to the elderly who are functionally disabled.[34] The role of the family as a care-giver is an excellent example of the interdependence of generations within families.

Interdependence of generations within families. Both the high degree of interdependence between individuals and between generations and the importance of understanding the nature of intergenerational transfers that take place privately are amply illustrated by the care family members give each other over the life course. From birth onward, most individuals will both receive care from and give care to family members, unless disability or illness prevents or hampers them from serving as care-givers.* Moreover, families share a wide range of intergenerational relationships and resources (e.g., time, money, thought, physical energy) as part of their care-giving and care-receiving exchange.

*For additional discussion of family care-giving, see chapter 3 in the forthcoming report, *The Common Stake: The Interdependence of Generations in an Aging Society.*

To understand the broad spectrum of care provided by families, it is useful to distinguish between ordinary and extra-ordinary exchanges. Ordinary care-giving and care-receiving exchanges occur within the family every day, ranging from assisting a spouse or child with a cold to paying for a college education. These exchanges are numerous, as exemplified by findings from a national opinion poll indicating that 1) more than four-fifths of family members aged 18 to 24 run errands for parents or grandparents and help them when someone is ill; and 2) even people aged 80 and over continue to provide support to younger generations in their families, with 57 percent helping out when someone is sick and 23 percent running errands.[35] And some of these transfers involve financial resources: for example, the cost of raising a typical child in a middle-class household to age 18 is estimated at $82,400 (in 1981 dollars).[36]

Over the course of life, many persons will also give and/or receive extra-ordinary care. This might happen, for example, if a child is born with Down's syndrome, if a spouse becomes a paraplegic following an automobile accident, or if an aged parent or grandparent develops a chronic and seriously debilitating heart ailment.

It is primarily the family that is asked to respond when serious support needs arise and, in most cases, to bear most of the long-term costs. About 80 percent of elderly persons requiring assistance in the normal activities of daily life live in private settings.[37] Most of the service these persons receive comes from family members, who provide such care for a number of reasons, including a sense of reciprocity, of filial responsibility, and of duty based on assistance previously provided by the older family members. Providing care to older members, however, is not without costs, especially to the primary care-giver. These include demands on time, financial expenses, and psychological and physical stress. One recent study of employees of the home office of the Travelers Insurance Company indicates that employees aged 30 and over who were caring for an elderly relative (about 20 percent) averaged 10.2 hours per week of care-giving, often at significant personal costs.[38]

Not only does the provision of long-term care result in costs to families, but the costs of providing such care are likely to increase in the future as a result of the aging of society—especially the growth of the very old population—and other demographic trends. One set of projections suggests that the elderly long-term care population will increase from 6.6 million persons today to over 9 million by the year 2000, to nearly 13 million by 2020, and to nearly 19 million by 2040.[39] Further, other social trends are straining the family's capacity to function as a provider of care. These trends include 1) increased rates of divorce and childbirth to unmarried persons, resulting in growing numbers of single parent households; 2) increased participation of women in the labor force; and 3) the growing preference for smaller families, resulting in fewer children to share care giving.

The real issue facing the nation, then, is not how to ask families to give more care across the life course with the intent of reducing public expenditures, as some persons who take a narrow view of intergenerational transfers might do. Rather, given demographic trends, the crucial question is what kinds of assistance should be offered to help the family continue in its traditional care-giving role.

Long-Term Views of Social Programs

The interdependence of generations approach is also based on an understanding of the long-term view of social programs. This view stresses the importance of identifying and examining the indirect as well as the direct costs and benefits of public intergenerational transfers over time and of recognizing the societal goals or values that existing policies serve.

The interdependence of generations framework primarily bases its analysis on a **longitudinal** approach to evaluating costs and benefits of public policies. This approach examines the flow of tax payments and benefits **over time**. Thus, it is quite different from the **cross-sectional** approach emphasized by the intergenerational inequity framework, which examines the flow of tax payments and public benefits primarily at **one moment in time**.[40] And it often leads to very different conclusions about who pays for and who benefits from such policies as public education, public health, investments made in research, Social Security, and Medicare.

Take public education as an example. From a cross-sectional perspective it would appear that education is primarily a transfer from working persons and other taxpayers to children and youth. From a longitudinal perspective, however, although the young clearly receive a transfer in the form of education, as they age they will also contribute to the education of those who follow as well as to economic growth and tax revenue, which will benefit the current workers as they age.

Identifying the indirect as well as the direct benefits and costs of social policies may also alter conclusions reached about who benefits from and who pays for particular policies. Using education again as an example, the immediate direct benefits clearly accrue to children; however, the numerous **indirect** benefits go to working parents who do not need to arrange for child care during school hours, to teachers hired to educate the young, and to all who will benefit from the future productivity of an educated work force.

The previous section's discussion about family care-giving provides an excellent example of the importance of understanding how societal goals or values can be affected by particular policy stances. The short-term view sees the cutting of public expenditures for health care as a desirable goal; the long-term approach sees such cuts as undermining the long-held societal value that puts the family at the center of care-giving.

Social Security* The intergenerational inequity framework looks at Social Security primarily in terms of taxes and benefits at the moment, and not at the values it serves, the indirect benefits it provides, or the long-term interests all generations have in the program.

Somewhat ironically, proponents of this approach usually cite the Social Security program as an example of an unfair transfer of resources and as a source of intergenerational conflict. The choice is ironic because Social Security is actually an outstanding ex-

*The term Social Security is used to refer only to the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs. For discussion of this and other points, see chapter 4 in the forthcoming report, *The Common Stake: The Interdependence of Generations in an Aging Society*.

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ample both of the importance of taking the long-term view of a social policy and of a program in which all generations have a common stake.

For example, Social Security serves these goals and values:

- the widespread preference individuals and families have for nonpersonal means of financial support in old age—that is, for the major responsibility for financial support of older relatives being placed outside the family;
- the desire individuals and families have for a dignified and stable means of support for the elderly, the disabled, and surviving and financially dependent family members; and
- the need for a rational approach that allows individuals and family members to contribute at a relatively low rate over time in exchange for protection against basic risks such as reduction of income due to retirement, disability, or death of a breadwinner.

The common stake in Social Security is also a result of the widespread distribution of benefits and costs among persons of all ages. To understand this common stake, it is not sufficient just to examine the direct benefits at one point in time—those that go primarily (about 85 percent), but not exclusively, to retired workers and their spouses, and to widows and widowers age 60 and over.[41] When time is "frozen" in this fashion, it may appear as if the distribution of burdens and benefits is unfair—with the young mostly paying and the elderly mostly taking. But identifying the direct and indirect benefits and the costs of Social Security over time presents a far different picture. The long-term perspective of Social Security shows that

- the retirement benefits for today's younger workers will be, on average, considerably larger—that is, they will have greater purchasing power—than those of today's retirees (even though the rate of return on their Social Security payroll tax contributions will generally be smaller) (see table 1);
- Social Security introduces a critical element of stability into the retirement plans of young and middle-aged workers because even before benefits are first received, their value is kept up to date with rising wages and increases in the standard of living;
- disability and survivors protection alike have tangible worth to covered workers and their families; for example, for a worker aged 35 with average earnings in every year and with a nonworking spouse aged 32 and two children aged 2 and 5, Social Security is the equivalent of a life insurance policy and a disability insurance policy, each worth approximately $184,000 in 1985;[42]
- by providing cash benefits to older family members, Social Security frees up younger and middle-aged family members to concentrate more financial resources on their children; and
- by enabling family members and individuals to protect themselves against some major financial risks, Social Security stabilizes family life and the society.

Table 1

Projected Benefits for Persons First Receiving Retirement Benefits at Age 65

Year reaching Age 65	Monthly benefit for workers earning average wages[a] (in 1985 dollars)	Maximum monthly benefits for high-income workers[b] (in 1985 dollars)
1985	548	717
2000	659	950
2015	761	1190
2030	873	1371

[a]For hypothetical worker with average earnings throughout his or her working life.
[b]For hypothetical worker with maximum taxable earnings throughout his or her working life.

Source: Social Security Administration (projected benefits based on Alternative IIB Intermediate Assumptions used in the 1985 Trustees Report are adjusted to reflect the actual figure for the 1984 average wage.)

Thus, from the long-term perspective it is clear that in addition to receiving disability and survivor protection, younger workers also receive numerous indirect benefits, and assuming the stability of social institutions, they will also receive benefits when they reach retirement ages. Given this, it is erroneous to conceive of this transfer as a one-way flow from young to old.

Moreover, while private pensions and personal savings are important, Social Security is the heart of the nation's retirement income system,[43] and will remain so, with, for example, nearly three-fifths of elderly households reporting that it provides at least half of all their cash income.[44] In short, despite past financing problems and the generally smaller rates of returns for future cohorts of the elderly, Social Security remains a good deal for persons of all ages.

Other implications of the long-term view. Many of the same points made about Social Security could apply to other intergenerational transfers based on public policies (such as education). The broader point is that, in a highly interdependent society, these intergenerational transfers are critical responses to needs that exist across the course of life. Because of this interdependence, the benefits that flow from these policies do not accrue only to the groups to which they are targeted at one point in time (e.g., children in the case of public education; the elderly, disabled, and survivors [and their families] in the case of Social Security) but to *all* groups over time.

These observations do not lead to the conclusion that such transfers are flawless and should never be changed. On the contrary, because of the critical functions they serve and because demographic and economic change is an ongoing process, it is essential that these policies be carefully reviewed and policy options vigorously debated. The concern, however, is that those who are considering changes need to understand both who benefits from these policies and the common stake that exists in these intergenerational transfers to understand fully the consequences of various policy options.

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Summary, Conclusions, and Recommendation

This paper highlights the importance of properly framing the policy debate concerning the future of an aging society and warns of the consequences of doing otherwise.

Two approaches to framing policies in an aging society are discussed in this paper. One approach uses the concept of intergenerational inequity, the other the concept of the interdependence of generations.

The intergenerational inequity approach frames issues in terms of competition and conflict between generations, and finds policies and programs for the elderly to be "unfair" and a source of intergenerational conflict. It is based on narrow understandings of equity between generations as well as of who benefits from public policies directed at particular age groups. And it relies on negative stereotypes of the elderly as well as on numerous misunderstandings about an aging society.

Thus, it emerges as being flawed and unduly pessimistic. We, the authors of this report, believe that application of this concept to the policy process could lead to negative social outcomes, including the promotion of conflict between generations, the undermining of social progress, and a diminution of the care-giving functions of the family.

Accordingly, we conclude:

- At best, the framing of issues in terms of competition and conflict between generations is based on a misunderstanding of relations between generations and distracts attention from more useful ways of examining social issues.
- At worst, it is a cynical and purposely divisive strategy put forth to justify and build political support for attacks on policies and reductions in programs that benefit all age groups.

In contrast, the interdependence of generations approach is based on an understanding of the aging society. The framework emphasizes the importance of thinking broadly about how policies directed at one age group affect all others, at any given point in time and over time, as these groups age. As its basis for analysis, the approach incorporates a life course perspective, recognizes the heterogeneity of age groups in the U.S. population, evaluates the costs and benefits of social policies primarily over time rather than at one moment in time, and stresses the importance of understanding who—indirectly as well as directly—pays for and benefits from social policies. Based on the interdependence of generations approach, we conclude:

- Over the course of their lives, individuals generally both give and receive care within their families. Because the family is generally the preferred source of care and because caregiving can be a major source of family stress, persons of all ages—especially those in middle-age—have a stake in social policies that support and enhance the ability of families to provide this care.
- The benefits of Social Security are distributed widely across all generations, and Social Security provides a rational, dignified, and stable means of protecting against certain risks to economic well-being to which individuals and family members are exposed over the course of their lives. As a consequence, besides remaining the heart of the nation's retirement income system for the foreseeable future, Social Security stabilizes family life and society.
- The elderly, now and in the future, have at least two important stakes in programs that respond to the needs of children, young adults, and the middle-aged. First, they benefit directly and indirectly from education, training, and health programs that help increase

the productivity of the work force. Second, it is in their political interest to avoid a politics that pits generations against each other.

- It is erroneous to think of Social Security as a one-way flow of resources from young to old, or of education as a one-way flow from adults to children.
- Younger generations have two important stakes in programs that assist the elderly to maintain a decent quality of life. First, they will be served by those programs when they become old. Second, programs that assist their grandparents and parents to remain as autonomous as possible in old age relieve young and middle-aged family members of financial burdens and intrafamily stresses.
- In particular, for both humanitarian and practical reasons, advocates for the elderly and others concerned with preparing for the retirement of the baby boomers have a special responsibility to support educational, health, employment, and income policies that respond to the needs and aspirations of the many poor and near-poor children in America. As the baby boomers reach retirement ages, today's poor children will be reaching prime working ages. Failure to provide adequate educational, health and employment opportunities to these children could undermine their future productivity and reduce the quality of life for the baby boomers during their retirement years when that generation will rely on younger workers to support income and health care programs.
- Advocates for the elderly should be as concerned about the quality of life for future elderly generations as they are about that for the current elderly. Since quality of life in old age is largely related to circumstances throughout a person's life, advocates for the elderly have a special responsibility to give active support to policies designed to improve the opportunities for and the income and health status of people of all ages, not just the elderly.
- Because of the interdependence of generations, all generations have a common stake in social policies and intergenerational transfers that meet needs across the life course.

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In focusing on what joins rather than divides the interests of generations, we do not intend to suggest that the interests of all generations are identical or that they never conflict. Certainly there are times when one generation is forced to bear particularly heavy burdens (e.g., the generation that fought World War II), and there are times when difficult decisions (which can affect age groups differently) must be made over allocation of funds, be they federal, state, local, or even family funds. Rather, we emphasize what is, in fact, the crux of the common stake perspective—that the interdependence of all generations is at the root of the continuity and progress of society. An approach to public policy that does not build on this understanding—or, even worse, an approach that threatens to strain the bonds between generations—does not present a realistic framework from which to prepare for the future.

The interdependence of generations framework suggests that the nation can and must meet the challenge of an aging society without trading off the needs of one age group for those of another. The nation has the ability to prepare for the aging society in several ways—for example, by making public and private decisions that stimulate economic growth, by investing in research that can potentially improve the quality of life for future cohorts of the elderly while also reducing the anticipated rate of increase in health care costs, by providing the option for persons of all ages to contribute to the economy and their communities for as long as they are willing and able, and by supporting an approach to public policy that recognizes the great desire and potential of the elderly, now and in the future, to make ongoing contributions to all aspects of society.

However, even given the preference for the interdependence framework, this report has dealt with a more basic issue—the importance of properly framing the policy debate concerning the challenge of an aging society. **Our single recommendation, then, is that those concerned with the challenge of an aging society understand the power of various frameworks to define the terms of debate, and therefore give careful consideration to the various ways this debate can be framed and to the implications these approaches would have both for long-held societal goals and values and for meeting the needs of persons of all ages.**

In conclusion, a sufficiently broad policy framework for responding to the challenge of an aging society must include a concern for the long term welfare of all age groups, an appreciation of policies that support the family as an institution, and an understanding of the significance of public and private investments in the human resources that will define the possibilities for the future.

Endnotes

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2. "1982 National Long-Term Care Survey"; "1977 National Nursing Home Survey" and Social Security Administration projections, as cited in Senate Special Committee on Aging, *Developments in Aging: 1984*, 99th Congress, 1st session, 28 February 1985, Senate Report 99-5, 189, 190.
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11. Senate Special Committee on Aging, *Aging America: Trends and Projections 1985-1986*, 84-86.
12. Senate Special Committee on Aging, *Developments in Aging: 1984*, 188.
13. For instance, information from the National Health Interview Survey (NCHS) indicates that about 57 percent of elderly blacks compared with 44 percent of elderly whites report some limitation in activity due to chronic health conditions: see NCHS, Series 10, no. 148, p. 50. Also, information from these surveys indicate that in 1981, 83 percent of elderly persons reporting yearly incomes of $25,000 or more reported good or excellent health compared to 62 percent of those reporting less than $7000 income: see Senate Special Committee on Aging, *Aging America: Trends and Projections 1985-1986*, 85.
14. James N. Morgan, "The Redistribution of Income by Families and Institutions and Emergency Help Patterns," in, *Analyses of the First Thirteen Years of the Panel Study of Income Dynamics*, vol. 10 of *Five Thousand American Families: Patterns of Economic Progress*, ed. Greg J. Duncan and James N. Morgan (Ann Arbor, Mich.: Institute for Social Research, University of Michigan, 1983), 16.
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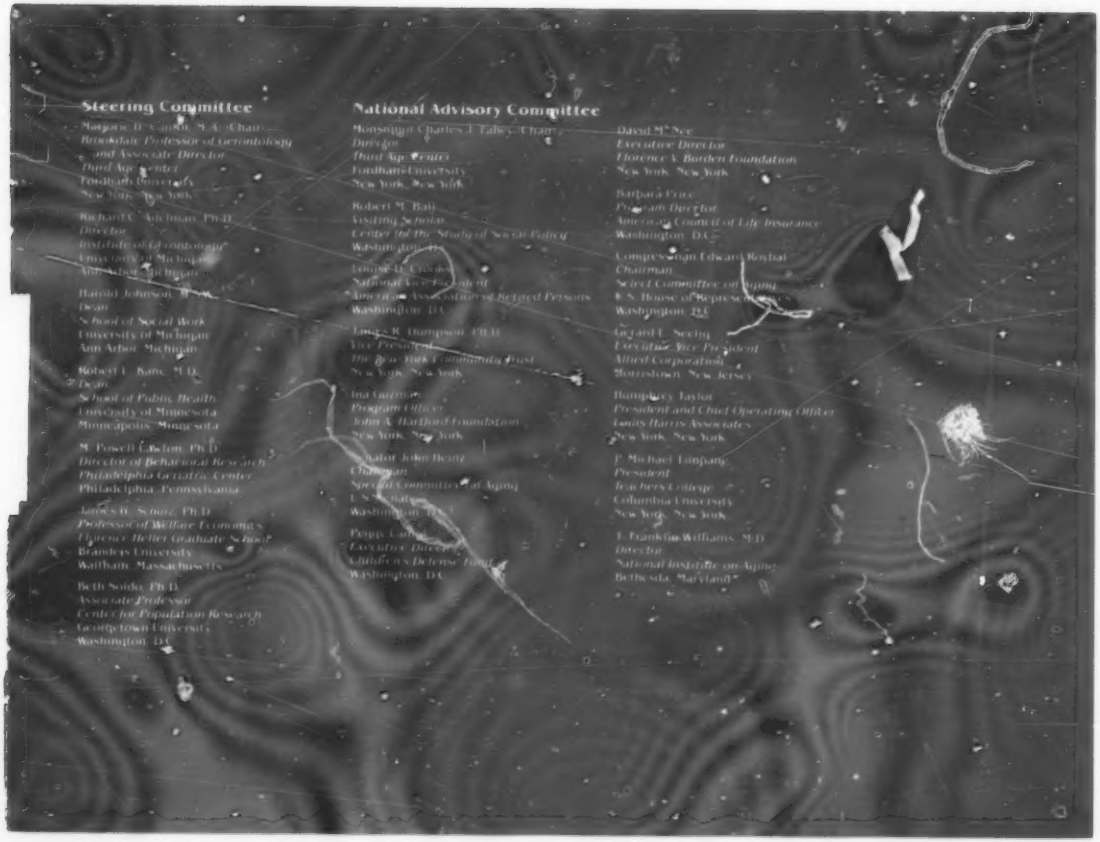
44. Unpublished data of the Social Security Administration, Office of Research, Statistics, and International Policy.



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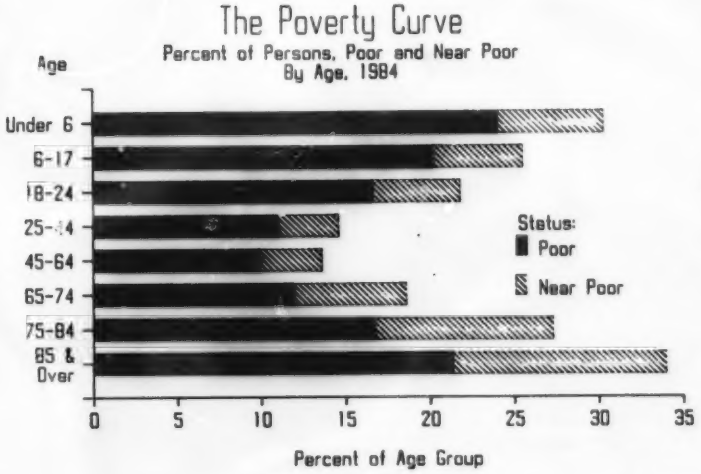
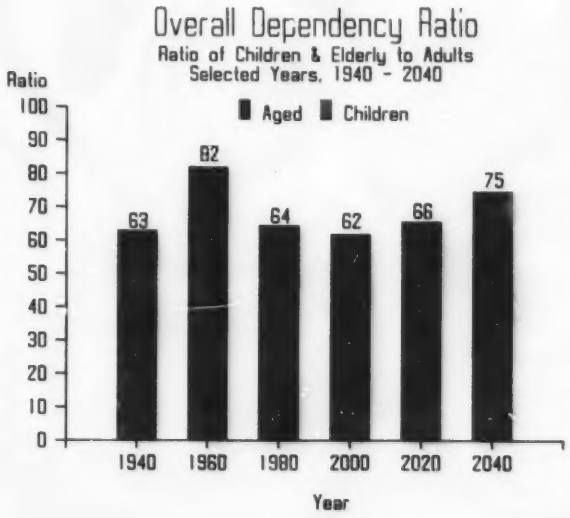
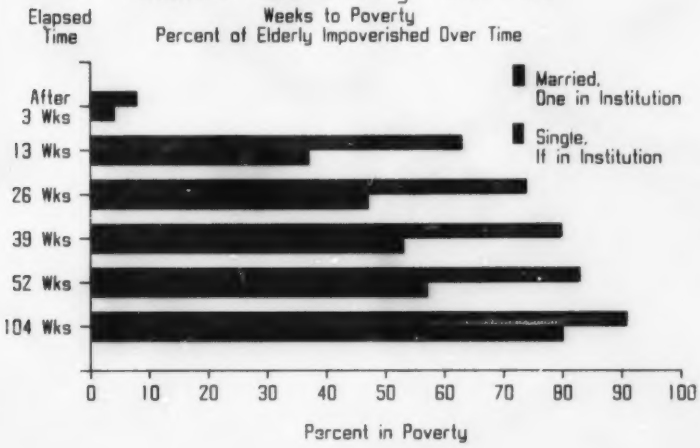
APPENDIX II

Data on income and health related financial risks, cross generations, submitted for the record by Chairman Edward R. Roybal.

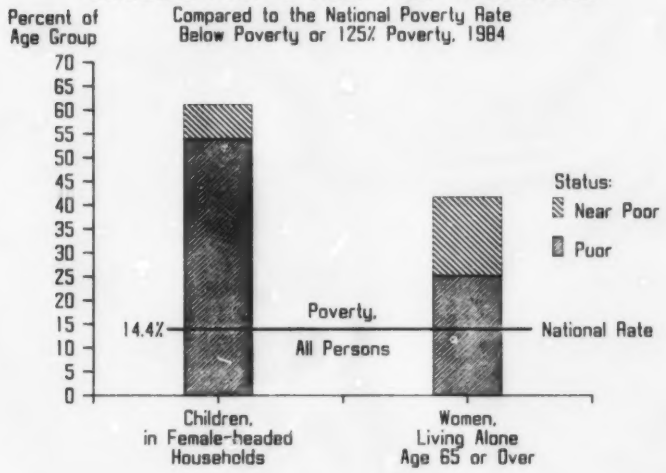




Financial Risk of Long Term Care



Selected Poor & Near Poor Households



AARP

April 8, 1986

The Hon. Edward Roybal
Select Committee on Aging
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The American Association of Retired Persons commends you for calling today's timely hearing on the interdependence of the young and old and releasing the Gerontological Society of America report, "The Common Stake: The Interdependence of Generations." This report helps unmask the allegation of generational inequity. The report points out that 'Social Security remains a good deal for persons of all ages.'

The Gerontological Society study makes it clear that there is a 'common stake' in Social Security. The report says that "it may appear as if the distribution of burdens and benefits is unfair--with the young mostly paying and the elderly mostly taking. But identifying the direct and indirect benefits and the costs of Social Security over time presents a far different picture."

The GSA report points out that:

- "The retirement benefits for today's younger workers will have greater purchasing power than those of today's retirees."
- "Social Security introduces a critical element of stability into the retirement plans of young and middle age workers."
- "By providing cash benefits to older family members, Social Security frees up younger and middle aged family members to concentrate more financial resources on their children."

Conflict between generations is a convenient assumption for those who wish to weaken Social Security, not only for current but also future beneficiaries. Most working Americans continue to support Social Security and other social insurance programs, since they protect all generations. They provide partial protection to nearly all U.S. households against losses of income due to disability, death and unemployment, as well as retirement. Today, in fact, more than 3.4 million children are receiving Social Security benefits each month. As deplorable as the poverty rate among children is today, how much worse would it be without these Social Security survivor benefits?

The fiction that older persons and children compete for increasingly scarce federal dollars may actually bring about conflict, when none exists today. It is a veiled attempt to divert attention from the fundamental issue of how we can meet the needs of economically vulnerable Americans of all ages.

The declining poverty rate among elderly persons does not mean that all of America's aged are living comfortably or living well at the expense of the young. To suggest this is a misrepresentation of the facts. Significant segments of our elderly, especially single women and minorities, still live in poverty. As a group, older Americans still have the highest poverty rate among adults, and when one includes the near poor--those who hover above the poverty line--the situation worsens. Moreover, the improved economic position of some elderly should not become the justification for cutting back or altering the very programs--such as Social Security and Medicare--that have contributed to this favorable development.

AARP believes that the increased incidence of poverty among children is deplorable. However, to imply, as some would do, that this is an outgrowth of excessive spending on federal programs for the elderly is untrue. More children are living in poverty today, in part, because the federal government has chosen to spend proportionately less on programs benefitting children and more on defense. Also tax cuts that principally help upper income families and corporations have drained the federal government of precious dollars. Changes in family structure have also led to the dramatic rise in the poverty rate among the young.

The 'inequity' in our public policy is not that some older Americans have achieved economic progress while many children have not. It is that millions of Americans of all ages cannot afford food, housing and medical care while the wealthiest individuals and most profitable corporations aren't paying their fair share.

The myth of generational inequity needs to be unmasked. Young and old traditionally have cooperated within the family and within the governmental arena to solve vital problems, and they can continue to do so despite the attempts to undermine this bond.

Sincerely,

Cyril F. Brickfield
Executive Director

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REPARED STATEMENT CF THE AMERICAN ASSOCIATION OF RETIRED PERSONS, 1909 K STREET, N.W., WASHINGTON, D.C. 20049

The American Association of Retired Persons (AARP), the nation's largest organization of persons aged 50 and over, with more than 22 million members submits the following statement for the record regarding the common bond between generations.

Simply put, ours is an aging society. The proportion of older people to younger ones has been rising dramatically and will continue to do so in an even more marked fashion as the Baby Boomer generation retires in the next century. Not only are Americans living longer, but they are also spending a substantially larger proportion of their years in retirement. Fortunately, the quality of life for many of today's elderly is better than it was for previous generations. Their enhanced standard of living and increasing longevity result largely from public investments such as education and research and other public policies designed to improve the well-being of all generations as well as from private initiatives that also have benefitted all segments of society.

Ignoring the valuable contributions that elders have made in the past--defending our country, shaping our economy, and developing today's technology--and those that they make today, critics of programs that largely benefit elderly citizens propound a series of myths which undermine these valuable programs. These mistruths needlessly provoke generational conflict.

THE MYTHS DEBUNKED

1. The "Rich" Elderly

Some have found it convenient to portray those over 65 as living in the lap of luxury. This new stereotype is as inaccurate as the previous conception of the elderly as poor and frail. Like the one that preceded it, this generalization ignores the considerable diversity among older persons.

Certainly, people over 65 are better off now than they were in 1970 when 1 in 4 lived in poverty, but that does not mean that they are all comfortably fixed. The elderly poverty rate has declined, in part, because of congressionally approved Social Security increases that preceded automatic inflation adjustments.

However, those 65 and over still have the highest adult poverty rate (12.4%). Furthermore, 8.8 percent of them live in or near poverty in contrast to only 5 percent of those below 65. This means that 21.2 percent of older Americans are either living in poverty or near it, whereas only 19.2 percent of those under 65 live in or near poverty.

The near-poor elderly, live a precarious and frugal existence. Even a small reduction in income for the near-poor elderly would thrust large numbers of them into poverty. For example, a study done in 1985 showed that a one year Social Security cost-of-living freeze would push an additional 500,000 people into poverty.

Despite recent reductions in the poverty rate of older Americans, the income position of the elderly-headed household is still less favorable than it is for the nonelderly. An analysis of the Census Bureau's 1984 income distribution statistics reveals that the percentage of elderly-headed households with an income of less than $10,000 is 39.3 percent, more than double that of those in the 15-64 household group (16.3 percent). The reverse is true for the highest income range ($20,000 and over), where the number of elderly-headed households within the higher threshold is 29.6 percent, less than half of the 62.9 percent for the nonelderly group. Also, elderly-headed households have just over half (51.9 percent) of the median income of younger households and 61.1 percent of the mean income of younger households.

Furthermore, certain groups within the elderly population are especially vulnerable. Older women, who frequently live alone and may get by on reduced incomes following a spouse's death, have an especially high rate of poverty (15 percent). Aging minorities are also likely to live in or near poverty. The poverty rate for older blacks is 31.7 percent, and 21.5 percent for Hispanics. If near-poverty rates are calculated for these groups, the figures are even more discouraging. Additionally, persons over age 85 tend to have higher poverty rates than persons age 65-84. They are more likely to have used up most of their assets and cannot always rely upon their children, who themselves may be approaching retirement.

To advance the myth of the "rich" elderly some have suggested that when in-kind benfits are added-in, e.g. Medicare or food stamps, seniors fare even better than most of the

population because fewer would be classified as poor. While these benefits ameliorate the situation of low-income elderly households, they do not substantially improve conditions for the elderly near-poor. Also, if such benefits are to be considered as income for elderly persons, then employer-provided health benefits, day care, life insurance, etc. should be counted as income for workers.

Although many persons over 65 do live comfortably, they face economic losses associated with a chronic or long-term illness. The enormous costs of such an illness can impoverish even those who today have some disposable income.

2. The Budget Busters

Critics of programs such as Social Security and Medicare erroneously have suggested that federal spending for older Americans has contributed to record federal budget deficits. However, today's fiscal problems result from several recessions, reduced federal corporate and personal income tax receipts, and from increased military expenditures.

Income support for the young traditionally has been provided by the family, and their education is largely financed by the states. The elderly, on the other hand, rely upon federal income maintenance and support programs, reflecting a choice by our society to shift a large part of the burden of caring for the elderly from the family to the government.

Much of the money spent on our Nation's elderly, which has erroneously been assumed to benefit them solely, merely passes through the government. Absent such income transfer programs as Social Security, Medicare and federal pensions, the share of federal expenditures for the 11 percent of the population that is elderly would be only 5.5 percent. Furthermore, the deficit has risen from 1.6 percent of GNP in 1980 to 4.5 percent in 1985, but the share of GNP for Social Security and Medicare has remained around 5 percent of GNP.

Also, low income elderly have experienced significant setbacks as a result of decreased domestic spending. Low income energy assistance has been reduced, rents for subsidized housing have risen, and Medicaid funding has declined. These cuts in domestic spending are over and above the reductions in Social Security and the increased burden of medical expenses borne by Medicare beneficiaries.

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3. The Cradle Robbers

Undeniably the poverty rate for children has risen. However, it results not from an increase in spending for older Americans, but from serious cutbacks in federal spending programs serving children and from economic factors.

The rise in poverty among children is due in part to the number of children living in female-headed households, which have a higher incidence of poverty. In 1983, of the 13.8 million children under 18 living in households below the poverty line, 49 percent of them were headed by women. The rise in poverty among children also reflects a period of slow economic growth and its concommitant elevated unemployment rates. Moreover, many children live in households headed by workers receiving low wages.

To suggest that spending for older persons has aggravated the poverty rate for children is placing the blame on the wrong shoulders. Moreover, it is even more fallacious to imply that impoverishing those over 65 would somehow assist children living in poverty. Our society must accept responsibility for all of its citizens in need without regard to age.

4. The Broken Promise

Advocates of generational equity and other critics of Social Security contend that younger people will not receive fair returns for their contributions to this program. This reasoning is flawed in several respects, the most important being that it misunderstands the essential nature of Social Security. Put into place over 50 years ago as a form of social insurance, Social Security was intended to protect individuals and families against the risk of lost earnings due to retirement, disability and death. It emphasizes the work ethic and the earned right to a benefit based on an individual's work history. Social insurance implies the sharing of risks by the population against an economic insecurity that very few could protect on their own. It represents a compact between the worker and the government, to provide economic stability in a way that allows the recipient independence and autonomy, dignity and privacy.

These critics fail to recognize that Social Security serves multiple purposes not duplicated elsewhere. Not only does it provide retirement income, but it also pays survivors' benefit (life insurance) and disability payments. It ought not to be

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likened to a pension plan or an individual savings account that brings a fixed rate of return.

Also Social Security is a family program which provides benefits to 3 million children. It exemplifies the success of intergenerational transfers. Social Security allows American workers to provide basic financial support for their parents through a government-facilitated program. The working population in turn has more resources to devote to its children.

Moreover, not only do critics misunderstand the real nature of Social Security, but they also have conveniently ignored recent reports which show that the program is financially sound and able to provide benefits to future retirees. Since the most recent report of the Social Security Trustees shows the long-term outlook to be extremely favorable, suggestions to restructure Social Security are somewhat premature.

Finally, Social Security was never intended to be the sole source of retirement income for recipients. It was to be supplemented by savings and private pension benefits.

5. The Self-Interested Army

The most recent myth to surface depicts older Americans as shortsighted and self-interested. They are characterized as the Gray Lobby, a potent political force engaged in a successful campaign to protect legislative gains.

It is unreasonable to charge that those over 65 elderly have a narrow perspective. Surveys have shown that they are concerned about the future well-being of their children and grandchildren and that they still make meaningful contributions to our society. Older Americans have reached the stage of life which the reknowned psychologist, Erik Erikson, termed "generativity"--the time when they are concerned with guiding the next generation.

AARP, through its direct services program, has enabled its members to impact on the lives of thousands of children and young adults. During 1985 alone, AARP members have provided learning and coping skills training in an intervention program to children and youth in Atlanta, Georgia; Chicago, Illinois; and in Detroit, and Ann Arbor, Michigan. Connecting the Ages for Responsibility for Early Self Sufficiency (CARE) is a joint program with Campfire, Inc., in which AARP members teamed with teenage campfire girls in a prevention program to teach self sufficiency skills to latch key youngsters aged 6-9 in Rochester, New York;

Downey, California; Dayton, Ohio; Seattle, Washington and St. Paul, Minnesota.

The Parent Aide program, a project to prevent child abuse and neglect which AARP sponsors in conjunction with state social service agencies in Portland, Maine, Hagerstown, Maryland, Ann Arbor, Michigan; Lincoln, Nebraska, and Winston-Salem, North Carolina has reached out and provided home, nurturing and parenting skills to at-risk families. Also, AARP's Widowed Persons Service, at over 180 sites, provides counseling and support to widowed persons of all ages--young and old alike.

At a time of fiscal restraint seniors are a valuable resource in solving today's societal problems. As economic and psychological stresses increase the numbers of at-risk vulnerable children, youth and young adults, the elderly are providing services as volunteers. They have taken the responsibility for transmitting their resources and values to the next generation, freely and generously.

Others contribute to the well being of society by serving as advocates of public causes. For example, O.P. Schnalbe, founder of a San Antonio AARP chapter, organized an ongoing and highly suucessful anti litter campaign. Alex Warner, an AARP volunteer in Boulder, Colorado, successfully lobbied to get a preschool for the city's low income residents.

Some elderly, on the other hand, have foregone complete retirement, preferring instead to contribute to society through continued employment. Their experience and wisdom have been recognized by astute employers who encourage these trusted employees to remain within the workplace on a full or part-time basis . Not as famous as President Reagan or Charles DeGaulle, these older Americans are vibrant examples of an as yet largely untapped resource.

In addition to their participation in community enrichment activities, and to their continued employment, older Americans also find time to help their own families. They are likely to provide assistance such as child care, or a helping hand when a family member is ill or impart the benefit of their insight and experience. These private intergenerational transfers from old to young are valued by their recipients because they help to alleviate some of the nonelderly's burdens.

AARP advocates many policies which benefit other generations and has worked with the Children's Defense Fund and other groups to implement these intergenerational goals. For

instance, the Association supports "reform and expansion of the private pension system so that it becomes over time, a more universally available and more reliable source of meaningful amounts of retirement income". (AARP 1986 Federal and State Legislative Policy). AARP is concerned about the deficit and its members "do not want to see a huge debt passed to their children and grandchildren." (AARP 1986) The Association has fought to contain rising health care costs--a problem for all ages. Also, it supports tax relief targeted at the lower and moderate income households. Additionally, it seeks to protect the interest of all consumers against fraud, deception and unfair competition in such diverse areas as financial services, food safety and airline safety.

The Association rejects the concept of an age war. "The concept of generational conflict--created by the false notion that funding support for social insurance programs is having a detrimental effect on the economic prospects of younger Americans--could hamper serious efforts to meet the economic and social needs of all age groups." (AARP 1986)

By stressing competition between generations, policymakers' attention is diverted from an analysis of the causes of our current budgetary dilemma. The idea of intergenerational inequity undermines cooperative efforts between generations, efforts that have been an integral part of American history, both within the context of the family unit and within the realm of public policy.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health
Bethesda, Maryland 20205
Building 31
Room 4C32
(301) 496-3136

April 7, 1986

The Honorable Edward R. Roybal
Chairman, Select Committee on Aging
U.S. House Of Representatives
Washington D.C. 20515

Dear Mr. Roybal:

We are pleased to provide our views on the common stake of all generations in research for distribution at the hearing "Investing in the American Family: The Common Bond of Generations." Given the short response time available to us we would also like to leave open the possibility of a more detailed response for the hearing record.

Today's children are tomorrow's elderly. Many diseases and social or behavioral problems that are manifested in old age have their roots in much earlier ages. Atherosclerosis, osteoporosis, some forms of hypertension, and asbestosis and chronic obstructive pulmonary disease are just a few examples of diseases that might be manifested in old age but whose origin may be in much earlier life stages.

Today, a higher percentage of infants born with or who acquire problems such as mental retardation can expect to survive into old age. Those who receive inadequate education, who remain peripheral to the labor force in early adulthood, and who receive inadequate health care, will enter old age with poor health and inadequate resources.

Many health behaviors and ways of coping are lifelong, and are products of early socialization, education and work experiences. The prevention of disease earlier in life allows individuals to move into old age with increased health and vigor.

The elimination and control of diseases that primarily affect older people benefits the younger generations in two ways. First, the potential for positive intergenerational relationships is extended and their need to care for their parents and grandparents might be materially reduced; and second, young people will benefit from the fruits of research and medical advances when they, in turn, reach old age. The history of science shows that research directed at a particular problem or age group often has important unintended applications for other age groups and problems; for example, research on Alzheimer Disease may advance research on Down's Syndrome and vice versa.

Despite the improved financial status of "the elderly as a whole," simple comparisons between "the elderly" and the "young" can be highly misleading. The elderly population spans a range of over 30 years. The young old are as different from the oldest old, e.g., those aged 85 and above, as the young old are from young adults. Poverty and near poverty rates are much higher among the oldest old than among the young old. Since many transfers of aid occur between age strata within the elderly population, (as well as from the older to younger generations) a simple dichotomy of old and young is inadequate.

Surely there are wealthy constituents within every age group who obscure the fact that many people live in poverty. Many older people are too poor to afford adequate housing and a decent meal. In 1983, the median income for women over 65 was a mere $5,599. Increasingly, the media is focusing on the "wealthy elderly" and how government assistance programs could be put to better advantage if earmarked for the young. For the 68 year old man in New York who lives alone and well below the poverty line or the widowed 80 year old woman who is chronically ill but cannot afford her medical bills, withholding Federal supports is no solution.

More research is needed on the trends and causes of poverty in old age, especially among widows, minorities, and the oldest old. Too little is known about the extent to which health related financial destitution is a major cause of poverty among the elderly. Research, such as the National Institute on Aging's recent Request for Applications on Forecasting, that will assist in the development of insurance for catastrophic illness and longterm care will, in turn, benefit all generations, and not exclusively older people.

Inasmuch as a very high percentage of the care of elderly who cannot function independently in everyday life is provided by the family, the understanding and maintenance of intergenerational bonds and solidarity is of paramount importance. Research is needed to improve our understanding of these ties and how to improve our capacity to strengthen them in the face of such psychic and financially draining illnesses as dementia, depression, and other conditions causing loss of function.

NIA is supporting research on a number of topics within the area of intergenerational relations including projections of kin available to provide caregiving, studies of intergenerational relationships in the broad population and in specific ethnic and racial groups, patterns of community care and social support provided to frail elders, ways of enhancing caregivers' capacity to care for older relatives with Alzheimer Disease and other medical and behavioral problems, the relationship of care patterns to health and mortality, and conflict, abuse and neglect involved in the family care of older people. These projects are providing important information on the care and well-being of older people and their families.

Sincerely,

T. Franklin Williams, M.D.
Director
National Institute on Aging

April 8, 1986

The Honorable Edward R. Roybal
Chairman
Select Committee on Aging
U.S. House of Representatives
Washington, DC 20515

Dear Representative Roybal:

Any discussion of equity between the generations ought to include consideration of ways to lower the cost of retirement. I am writing to propose one area where a real impact can be made.

Alzheimer's is a particularly expensive disease. The average course of the disease is about eight and a half years. Most of the time at least full-time supervision is necessary. The course of the disease typically includes a lengthy period of total dependence. It is estimated that one half of all persons in nursing homes in the U.S. have Alzheimer's Disease. The current direct cost of care is about 30 billion dollars a year for the 2.5 million Americans who suffer from Alzheimer's.

With Alzheimer's there is often a "second victim". Preliminary research studies are showing that caregivers suffer a higher rate of stress related disorders. Impoverishment is also the plight of many husbands and wives of Alzheimer's victims, as years of nursing home and in-home aide expenses consume life savings. The "second victim" of Alzheimer's is much more likely to fall upon the support of Federal and State programs.

As you know, the fastest growing segment of our population is the oldest. Twenty percent of those 85 and older have Alzheimer's Disease. These two facts mean that the Baby Boom generation will create an Alzheimer's Boom--unless a cure is found.

Research is the key. The Federal government has led the way in bringing Alzheimer's out of the shadows to the subject of considerable investigation. Now, more must be done. One expert conservatively estimates that a 30% increase in research funding could be effectively utilized by investigators already in the field right now.

Cynics may argue that medical research has aggravated the problem of equity between generations, because Americans are living longer and longer after retirement. The long-term and high cost of Alzheimer's makes it invulnerable to that critique. Finding a cure of Alzheimer's will make inter-generational burden much less.

Until a cure is found, we must make the care for Alzheimer's victims less expensive and less stressful for the caregivers. The major expenses of care, and the possibility of Federal and State support through Medicaid, begins with admission to a nursing home. I have talked to hundreds of caregivers and the story is the same. They want to keep their loved one at home as long as possible. And they know the help that would let them extend the period of home care: in-home respite; day care programs; overnight respite. Now these services are scarce at best and often expensive. Federal support of programs of the type already implemented by states such as California and Illinois can cut the Medicaid bill.

In closing, I wish to thank you and the members of the committee for your humanity and compassion in addressing the needs of Alzheimer's victims and their families. Now I ask you to consider how the burden between generations might be lessened by funding Alzheimer's research and care.

Respectfully yours,

Jim Strong

Jim Strong, President
Board of Directors
East Bay Chapter
Alzheimer's Disease and Related Disorders Association

PREPARED STATEMENT OF JUDITH BOGRAD GORDON, Ph. D., YALE UNIVERSITY, MID-CAREER FELLOW, BUSH CENTER OF CHILD DEVELOPMENT AND SOCIAL POLICY AND LECTURER IN PSYCHIATRY; AND UNIVERSITY OF NEW HAVEN, COORDINATOR OF THE MASTER'S PROGRAM IN GERONTOLOGY AND ASSOCIATE PROFESSOR OF SOCIOLOGY

I am grateful to Chairman Roybal, the members of the committee and the staff who have taken this initiative to reassert the common bonds of generations and to refocus our attention upon the relationship between public policy and private troubles. The Aging Society provides us with a marvelous opportunity to utilize our knowledge of child development and human aging to shape public policy and enhance the quality of our citizen's lives. I am pleased to be able to contribute to this committee's efforts to develop policies and programs that can aid us in wisely investing in our families and ourselves.

Although the growing number of older Americans is often viewed as a problem, I would like to begin by noting that it is also a delight for those children who, because of our increased longevity, are fortunate enough to experience the love and friendship of grandparents and great-grandparents. For as Bellah and his associates remind us,

> "Families can be communities, remembering their past, telling children of parents and grandparents' lives and sustaining hope for the future - though without the context of a larger community the sense of family is hard to maintain. Where history and hope are forgotten, community degenerates...." (Bellah, et al, Habits of the Heart, 1985, p. 154)

History and hope, children and the elderly are linked together, not only in our thoughts and politics but in our families, our communities and our nation. At first, it seems preposterous that anyone could argue that the interests of the young are different from the old. How can that be? Do not all generations live together and share time, if not always space? The very age range of this committee, its staff and the witnesses that appear before it give testimony to the fact that the everyday world is made up of people of various ages, working together in the present to build upon the past and create a better future. And yet, for reasons this Committee has so wisely addressed, the biological and emotional linkages between the generations can be rendered asunder as groups and their advocates struggle for resources in the communities in which we age.

The wonder of human beings is their ability to create systems of meanings that shape our lives and actions. Take, for example, the word "dependent". Surely, it is true that the young, the sick and the frail old must depend upon others for care and survival. The dictionary tells us that the word "depend", as these hearings illustrate, directs our attention to those who can exist only by virtue of a necessary relation to others and who need our financial support. But the word has other meanings as well.

The word "depend" derives from a Latin word that meant "to hang" and directs attention to the fact that we all must rely upon each other. As the old saying goes, we must all hang together, or assuredly, we will all hang separately. None of us can survive alone; all of us must depend upon others, given the complex organizations we have created.

Dependent, however, has additional meanings. "Contingent" is one. This meaning reminds us that our lives are a mixture of giving and receiving as we come into contact with others whose lives we touch and are touched by. For instance, even an old dying man with a degenerative disease can still contribute to his family and community during his final days, as did Jacob Javits and, even more recently, my own father. And what contributes more to our well-being than the joy of a child welcoming our presence?

And so we come to the last meaning of the term "dependent". The word also means to "place reliance or trust". It is this trust that is endangered in America today as the young fear that they cannot rely upon the old to avoid nuclear war. It is this trust that is threatened each time a veteran of World War II finds that he can no longer rely upon the retirement or health benefits he thought he was assured when he joined the military and shares such concerns with his grandson. It is this trust that is threatened each time a child watches a loved grandparent lying in his own urine in a bed at home because the child's mother lacks the physical strength to lift him and must wait for her husband to return from work since a home health aid was denied by the changing Medicare regulations. Seeing such sights, it is no wonder that the Baby-Boom generation questions whether or not

they can rely upon Social Security or Medicare to guarantee their old age and organizes to insure "generational equity" so that they can amass the resources to protect themselves from having to trust their government as they age. The challenge before us, as this committee recognizes, is to find a way to respond to the changing demographic composition of this nation by choosing policies that will reassure Americans that this government is committed to making sure that each citizen can grow up and grow old in peace and with dignity.

It is indeed tempting to reduce the problem of intergenerational relationships to one which can be resolved by collecting demographic data. The biological facts of birth and death give rise to quantifiable information. The numbers appear to be comprehensive. Demographic changes can be easily measured. Statistical analysis can be made efficiently, given the growth of computers. Predictions can be made, as illustrated by the testimony of other witnesses before this committee. But, at base, the final meaning of these numbers depends upon our response to them. It is, of course, most necessary to know the size of a particular age-cohort and to count the numbers of people engaged in paid work. Such statistics in themselves do not always help us understand the loving and creative relationships that take place in families and communities as the old, young and middle-aged interweave their lives with one another. How then can we invest in America's families to highlight both the emotional and financial interdependence of our citizens across generations?

The American Academy of Science has suggested that it is necessary for men and women from many disciplines and professions to consider this issue. The call for "intergenerational equity" can create opportunity as well as conflict if we use it to pay renewed attention to the values this nation embraces. The need to attend to the relationship between the citizen and the state, as reflected in debates over Medicare, Medicaid, long-term care, day care for young and old, home care for the sick of all ages, social security, health care and defense spending can serve as a catalyst to a basic re-examination of our priorities, our families and communities. To resolve the issue of intergenerational equity, we must take account not only of the age of our citizens, but also of their diverse needs and competencies. But this is easier said than done. The previous witnesses have admirably laid out some of the concerns of the advocates for children, the elderly and the Baby-Boomers. This hearing, like others held by this Committee, invites all Americans to find ways to reason together about the manner in which we can develop social policies that use social resources to facilitate the growth and development of people of all ages. Let me now turn to specific suggestions for policy directions that your search for "multi-generational solutions" to "multi-generational problems" has catalyzed.

I. THE NEED TO CONSTRUCT A FAMILY SOCIAL POLICY

There is a great need to closely examine families as they exist in their current forms, and to develop a course of action directed at enhancing their viability. Such an examination must take account of the fact that our families are shaped by a vast array of social forces and vary according to region, ethnicity, socio-economic status and values. For instance, 62% of American women are now in the workforce, some by choice, others by necessity. Although adult children do not abandon their parents, not all can find employment in the cities where their parents live. Some families are large, others small. Some are headed by impoverished women who will become impoverished old women, if we take no action. Care-giving within the home may force one wage-earner to stop work, thus diminishing the resources that care-giver will have in old age. As far back as 1921, a study of retired school teachers noted that some single old women who had cared for their parents in middle age and for the nation's children in their classrooms, found themselves impoverished and with no one to care for them as they grew old. American democracy has thrived on diversity; as a nation, we have found ways to accommodate the many religious and ethnic groups who have come to our shores, but we still lack a sound family policy which comes to grip with our diversity.

As Dr. Edward Zigler of Yale University pointed out in hearings held by the Senate Committee on Labor and Public Welfare examining the impact of governmental policies on American families (1973), the construction of family social policy at the national level would have three facets. First, it would identify what major problems affect family functioning and determine what solutions to particular family problems are available, assessing the cost effectiveness of the various solutions suggested, and assigning priorities to the specific policies to be implemented. Secondly, a family policy would entail the continuous analysis of the impact of other governmental policies for their effects on family life. Finally, a national family policy would make use of the regulating, taxation, research and moral powers of the federal government to persuade other institutions to

adopt policies conducive to constructive intergenerational relationship. We do not mean that the government should become Big Brother. However, there are possible activities--e.g., providing tax credits to industries that provide day care for old parents suffering from debilitating illnesses, such as Altheimer's, as well as for children; government sponsored research to examine the effects of care-giving on the future economic and health status of the adult care-giver who, for the most part, is a woman who must juggle not only the care of children and teenagers, but the care of the sick, the dying and the old within the parameters laid out by both work and family; examining the value to both industry and families of job-sharing programs or paid leaves with benefits to enable people to care for relatives or close friends without losing their own careers, income, health benefits or pensions. We can also encourage informational and technical assistance to schools and universities willing to do more to strengthen family life by combating ageism through sound curriculum development and the involvement of older citizens; designing parent education programs that facilitate the development of both young and old, and promoting intergenerational programs such as the one developed in New Haven. In this project inner-city school children share a creative arts program weekly with residents of a nearby convalescent center, and students from the University of New Haven also participated. These hearings will prove successful if they produce an awareness on the part of American people that to date the federal establishment has seemed to be less concerned with formulating a well-articulated family policy than a military one. (Zigler, 1973)

It is a myth to think that when the government spends money on social programs, that alone is governmental spending. It is our tax money that is used for all government expenditures. Attention to the need for a sound family policy could initiate a most needed discussion over the role the American people would like to have the government pursue in regard to family functioning and multi-generational relationships.

II. RESEARCH INITIATIVES

As growing attention is being paid to the presumed conflict between generations, there is a great need to separate fact from myth and ideology from reality. Humphrey Taylor presented information at this hearing which documents a more complicated reaction to social policies than the stereotype of the war between the age groups suggests. Dr. Giordano, the Gerontological Society of America, Children's Defense Fund and Americans for Generational Equity have also presented ideas that call for further consideration. Centers such as the Yale Bush Center on Child Development and Social Policy can contribute to the formulations of policy makers by doing what academics do best. We can synthesize research, bring politicians and scholars together, develop demonstration projects and initiate studies on the national, state and local levels.

As the National Institute on Aging notes, new knowledge can provide a basis for both public policy and professional practice. Some of the dire physical consequences of aging have already been mitigated by applied research and some illnesses of children have been eradicated. The greatest defense our nation can have is a healthy and productive population unscarred by the ravages of preventable poverty and disease.

The Research Committee of the White House Conference on Aging of which I was a member, recommended that 2% of all federal expenditures for the aged be used to finance aging research, research training and demonstrations. Acceptance of this recommendation could generate funding that would benefit us all.

III. INCLUSION OF CATEGORIES SUCH AS "MULTI-GENERATIONAL AND INTERGENERATIONAL PROGRAMS AND "RELATIONSHIPS" INTO THE LIBRARY OF CONGRESS SUBJECT HEADINGS

In a time of tight resources, it is unreasonable to think that vast sums of money will be allocated to facilitating constructive intergenerational relationships. However, we can use the funds we have on hand more effectively if we know what others are doing in varying states and locales. At present, the concept "generation" in the Library of Congress Subject Headings has only two sub-categories, "Generation, Gap; Conflict of Generations." The librarian of the Connecticut State Department on Aging did not initially locate a Guide to Intergenerational Programs assembled by the National Association of State Departments of Aging because Intergenerational Programs was not a category in the federal classification system. These categories need to be added.

IV. FACILITATING MULTI-GENERATIONAL PROGRAMS

There are many exciting attempts throughout this land to bring the young and old together. It is useful to bring generations living in the same town or neighborhood together by means of formally organized programs that build upon the capacities of each age group, such as the day-care center which

is at the Connecticut Hospice, home sharing programs, home visiting, etc. At present it is difficult, for example, to easily create an intergenerational lunch program if funding for the elderly is only for food served at senior centers, and the funding for children only applies to school lunches. Nor does any one agency coordinate such efforts and disseminate information about them. A new initiative can be taken to change current funding categories in such a way that we can take account of the exciting programs that have developed in a variety of communities to bring the generations together and to simplify the task of those who wish to replicate such programs in their communities.

V. CONTINUED EFFORTS TO MULTI-GENERATIONAL SOLUTIONS TO MULTI-GENERATIONAL PROBLEMS

One of the consequences of ageism is that we have a tendency to overlook not only the contributions of the old in our current society, but the contributions of those who lived before us, our predecessors. This hearing brings to mind an earlier point in historical time. In the year 1929, President Hoover commissioned a group of social scientists to organize and disseminate research on "Social Trends". That committee called for renewed efforts to clarify American values and to mobilize our citizens to find solutions for problems such as the aging of the population, the impact of new technology, the changing structure of the American family, and international conflict and resolution. This effort to mobilize "social thinking" is as necessary in the America of 1986 as it was in 1929.

To do so, it is necessary to find organizational mechanisms to bring people together. The material laid out in these hearings can serve as a catalyst for similar hearings responding to these ideas and adding others which can be held on the national, state and local levels. We do not easily have an opportunity to reason together. As a Delegate to the 1981 White House Conference on Aging, I found that I did not have enough knowledge of the frames of reference of the advocates for children and therefore needed more information to neutralize attempts to pit age groups against each other. After hearing an exciting talk by Dr. Lynn Hagan of the Bush Center for Child Development, in 1983 I applied for the mid-career fellowship I now hold at the Bush Center, so that I might familiarize myself with the research and thinking of those experts and advocates who are concerned with children. I found, as we heard today, that the advocates for all age groups are committed to an equitable society, even if they do not agree upon the means to reach it.

The search for multi-generational solutions, at its best, brings to our attention the traditions, ideals and aspirations of this society by juxtaposing present realities with future dreams. We need again to think about how private and public life really work in the United States, the extent to which public policies and programs either fulfill our aspirations or discourage us so much that we withdraw from involvement with shaping our society to meet our needs. In probing the past as well as the present, by looking at our ideas about the desirable and good as well as at statistics, we can begin to answer the difficult questions. We can begin to think again about the linkages between ourselves, our predecessors and our successors as we move throughout life's course.

The old transmit the cultural heritage to the young. We could celebrate the success of our elderly's efforts as illustrated by their growing prosperity because such success demonstrates to the young that people can benefit from participatory democracy. As we go forth with renewed energy to think about the issues this hearing raises, let me suggest that our cultural heritage includes words of wisdom written centuries ago. We can continue the dialogue begun here by remembering the words of the Biblical Prophet Isaiah who also called for us to think about the kind of society our values created. Isaiah wrote

> "Lift up thy voice like a horn, cry outloud, spare not and declare
> unto my people...as a nation that doest righteousness and forsaketh
> not the ordinances of their God, they ask of me righteous ordinances....
>
> Is it not to deal thy bread to the hungry
> Andthou bring the homeless to thy house?
>
> When thou seest the naked, thou shalt clothe him
> And that thou hide not thyself from thy fellow man...
> If thou remove oppression from thy midst...
> And relieve the afflicted soul,
> Thou shalt raise up the foundations of many generations;
> And thou shalt be called, the repairer of the breach,
> The Restorer of paths to dwell in."

I again thank this committee for initiating steps to heal the breach and for giving me the opportunity to participate.

PROCEEDINGS

PUBLIC FORUM ON THE INTERDEPENDENCE OF GENERATIONS

"Protecting America's Aged, Children and Poor"

SPONSORED BY
HOUSE SELECT COMMITTEE ON AGING

EDWARD R. ROYBAL, CHAIRMAN

November, 1985

INTRODUCTION

Fernando Torres-Gil, Ph.D.
Staff Director, House Select Committee on Aging

The purpose of tonight's forum is to call on the public, on health professionals and on the Congress to battle against the frightening trend that pits the elderly, the young and the poor against one another in the struggle for public dollars. The intention of our Committee is to establish that the needs of the aged and young are interlocked and require multi-generational solutions. It is also to dispel the notion of intergenerational conflict that threatens the very core of the family unit and jeopardizes what programs already exist for the elderly, their children and their grandchildren.

This session is also an important step toward linking the public health professionals, the public and policy-makers together in the protection of the public's health. In this spirit and in the shadow of Gramm-Rudman, your support is needed now more than ever to generate the political will we will need to protect needy Americans of all ages.

Tonight we will learn how the health problems of older Americans are a multi-generational concern and how they are being made worse by repeated budget cuts in essential health programs. This forum is only a first step. The Committee will continue over the months ahead to fight this notion of intergenerational conflict, and to fight for programs that protect all vulnerable citizens. We thank the panelists for appearing on behalf of the Committee, and look forward to their statements.

Victor Sidel, M.D.
President, American Public Health Association
Distinguished University Professor of Social Medicine
Montefiore Medical Center, New York

It is my privilege, as the President of the American Public Health Association (APHA), to thank your Committee, The House Select Committee on Aging, for holding this public forum in conjunction with the 113th Annual Meeting of the American Public Health Association. As your Committee is aware, this is the world's oldest and largest public health association. Through its members and those of its 51 affiliated state municipal pubic health associations, it represents some 50,000 health workers in the United States -- the highest number of members in APHA's history.

APHA has a long and continuing interest in the health and well-being of older people. Indeed, several people on the panel tonight will attest to the fact that the work done by public health professionals in APHA and elsewhere has been a major contributing factor to the increased life expectancy rate that has permitted so many of our citizens to reach what should be the peak, the very flower of their lives. And yet - even as the length of life has been extended by public health work - our society has not kept pace in finding ways to permit all of our older citizens to enjoy the fruits of their labor -- their reward for years of service to their family and community.

I wish to tell you one story that has some substance in relation to tonight's forum. As some of you know, Ruth Sidel, my wife, and I were privileged in 1971 to be members of the first U.S. medical delegation invited to the People's Republic of China since 1949. Dr. Paul Dudley White, the renowned cardiologist, and his wife were also members of that small delegation. The delegation was honored by an opportunity to meet with Dr. Guo Moro, then the President of the Chinese Academy of Sciences. Drs. White and Guo, both well into their eighth decades of life, discussed the ways in which aging is viewed in the two societies. The words of Robert Browning were quoted:

"Grow old along with me,
The best is yet to be,
The last of life for which the first was made."

There was discussion of the similar, and unfortunately, some of the very different ways in which the two societies view, protect, cherish, and honor their older people. What is fascinating is that a great part of that discussion was about the very theme that is our focus tonight -- the way in which younger people and older people in a society work together. Dr. Guo Moro explained how throughout most of China's history, there has been an attempt to foster ways in which young and old can work together to support their family and community.

We can learn a very great deal from the record of other societies. This is true not only in societies in Asia, but also in the industrialized democracies of Western Europe. We can learn the ways in which young and old can work together so that both can have what is necessary and deserved in their society. Young and old can work together to protect the health, the well-being, the resources, the self-reliance, and the dignity of all people, and together convey respect and honor for the attainments of older citizens.

Speaking for APHA, we congratulate our Gerontological Health Section and its Chairperson, Professor Pearl German, for cosponsoring this event. We also congratulate our Social Work Section and its Chairperson, Dr. Rosalie Kane, for the excellent work they are doing to bring about much needed changes in the way our society views its older people and responds to their needs. In my presentation to the Maternal and Child Health Section yesterday, I annunciated the theme that young and old must work together, and that I have never heard a stronger advocate for the rights of children than Maggie Kuhn, the Head of the Gray Panthers. What Maggie personifies is the fact that we are going to have to fight across the age spectrum for these resources.

Pearl German, Sc.D
Chairwoman, Gerontological Health Section
American Public Health Association
Associate Professor, Health Services & Development
Johns Hopkins University, Baltimore, Maryland

I wish to join Dr. Sidel in welcoming the House Select Committee on Aging. Our Section, the Gerontological Health Section, was founded within APHA to foster, develop, and guard the health and rights of older individuals and to insure the highest quality of life possible. The proceedings to take place here tonight speak to all of these objectives, and our Section welcomes this process.

The growth of our Section over the past seven years has been nothing short of phenomenal. This speaks to the concerns within APHA for older citizens. While every member of our Section works in one way or another for older persons, membership in the Section and in APHA overall expresses the belief that, as a group, we can achieve additional positive ends that are not possible through our individual actions.

It is our hope that the results of this public forum will combine with our Section's continuing efforts to further the cause of good health and good life for all older Americans. We applaud the action of the Committee and hope that this first - and it is a first - combined Congressional and APHA cooperative action will lead to future joint efforts between us.

Anne Brushwood
Charlottesville, Virginia

In the last seven years I have made four moves; four job changes; lost my mother, but still had to take care of her; lost my husband - best friend and lover - but still have his care; been through one son's divorce, five grandchildren and one marriage, had my mother-in-law move in; and watched my mother die. All this, not to mention the loss of my career and social life.

I've been asked to speak to you tonight about being a caregiver and a decision-maker, and how it has affected our whole family. My story is not unique -- many people are going through even worse situations.

In 1978, my husband, Marshall, worked for a large pharmaceutical company. I was just beginning an exciting and lucrative career as a sales representative for a large computer company. Five of our six children were grown and beginning their families. Marshall's mother lived in her own apartment in Richmond, Virginia. My mother had been living with us since her retirement and helped with many household chores.

Then things fell apart.

Marshall, a diabetic, had a series of strokes and became disabled seven years ago. My mother was very upset over this and moved out of our home into an apartment. I hired a woman to come in to take care of Marshall while I worked. She wasn't an RN or LPN, so our insurance didn't pay anything, but she was so good, and I felt it was worth it. After several stays in rehabilitation centers and more strokes, it became obvious that Marshall was permanently disabled. I decided to move to Lynchburg to be closer to his doctor and the hospital.

In 1982, my mother was attacked by a purse snatcher and ended up in the hospital with three broken bones, completely disoriented and confused. The bones healed, but the doctors could not tell me what was wrong with her mind. I heard "hardening of the arteries" and "just getting old." I couldn't accept her getting that old in a 24 hour period, so we went through many tests and scans -- still no answers. It was to be six months before I read an article in the newspaper and went to my first Alzheimer's meeting.

I put Mother in a nursing home. It cost well over $1,500 per month. In order to visit her, I had to either stop traveling on the job or pay for an extra sitter for Marshall, as he was too sick to leave. He was in the hospital, near death, seven times that year. During this time, my son Scott came to live with me to help out. My two sisters came from Atlanta and Dallas to spend their vacations helping me.

Mother had her social security and some savings. We figured that would be gone within one year. Visiting her and taking care of Marshall, plus trying to travel, was taking its toll on me emotionally and physically, not to mention financially, so I decided to bring Mother to my house and let her help pay for the nurse and preserve her savings for later on.

That worked out for nearly a year, until my nurse had a heart attack. I tried several agencies. Since Marshall needed shots, they would only send an LPN or RN at $12.00 per hour. They would not do housework, consequently I came home exhausted and had to do laundry, shopping, cooking and housework. I tried live-in help which was a disaster and various other people -- none satisfactory.

At this point, I began having black-out spells on the road. My doctor said I was going to have to give up something. I quit my sales job and moved the family back home to Charlottesville to be closer to friends and children, and took a less demanding job. The move made my mother worse. A lot of our old friends came -- but only once. It quickly became apparent that any social life was out. Our children came, but it was uncomfortable for them -- Marshall wouldn't talk and Mother didn't know who they were. Scott got married and he and his wife helped out financially and with caregiving.

A month after we moved, Marshall's mother, who had had a stroke and various other physical ills, became very depressed. Her doctor said she was unable to live alone. Nursing homes were again looked into, but there was "no room at the inn" -- long waiting lists. I figured one more wouldn't make any difference, so my mother-in-law moved in. I found a male helper who had been an orderly. He learned to give shots, did housework, and was wonderful with everyone.

By this time, there were six of us living under one roof, and three dependent on me as their primary caregiver.

The house we were renting was sold and I had six weeks to find a house, get a loan and move. I found that most houses in our price range (and out of it) were not designed for handicapped people, but I finally found one.

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My mother became much worse and stopped sleeping at night. My male helper left and we again went through a series of aides and nurses. This was very hard on all of us. The association I worked for was moving to Richmond, so I knew I had another job change to deal with. By this time I had about had it. I was averaging two to four hours of interrupted sleep a night, Mother and Marshall were both incontinent, I broke out in a rash -- cried a lot, and the black-out spells came back. I was sure I was getting Alzheimer's.

My doctor was urging me to put Mother in a nursing home. I felt this would be impossible for me emotionally and physically, to be in three places at once. It would also be hard financially because I would still have to have a nurse at home. My salary was only a little more than I was paying for help. I asked for a Medicaid evaluation for Mother. She was approved for nursing home care, or eight hours a week home care, which I would have to pay for, and that nurse would only help her.

There seemed to be no choice but to quit my job, so I decided to stay at home and become a full-time caregiver. That was just this past July.

At 2:30 a.m. of what was to be my first day at home, Mother fell down the stairs. The Emergency Room doctor wheeled her out - face swollen and full of stitches, blood from head to toe and nearly unconscious - and told me I could take her home. I nearly fainted. He said Medicare wouldn't approve her being admitted and he tried to explain the DRG system. I told him what I thought of the "system". We finally got my doctor on the phone and he agreed to admit her because it would be easier to get her in a nursing home from the hospital.

I remember hearing that Mother could live for several more years, then several more months, but I felt I was watching her die. She died three and one half weeks later. One of the hardest decisions we made was not to use life support.

As you can see, the responsiblities of long-term care can be devastating, emotionally, physically and financially -- regardless of whether it is at home or in a nursing home. I still have a long way to go. Sometimes I feel it might be easier to just pack them off to a nursing home -- but that would mean giving up. It wouldn't be long before everything we have would be gone. Then, who is going to take care of me? Because of the stress of caregiving, I am no longer able to be a productive person who can work and pay taxes.

And the pressures of caregiving have touched the other members of my family. My son and daughter-in-law live with this on a day-to-day basis. They have had mother crawl in bed with them in the middle of the night. They have been routed out of bed to go to the hospital for emergencies. They have a very limited social life. It is hard for them to have friends over, although when their friends do come, they are very understanding of our situation and bring youth and laughter to the house. They pitch in their money, their time, their energy and I don't know what I'd do without them.

It makes me sad that they spend so much of their lives, and their entire married life, surrounded by illness and sadness. Wouldn't they be better off living on their own and having a more normal life? My son and his wife have attempted to put their own feelings and fears into words for the Committee. I would like to add their thoughts to my statement.

It's a sad situation that there are many people like me who want to make their own way and to keep their loved ones at home. It goes against my grain to think of my family on Medicaid or welfare. Just a little help would make a big difference for the entire family. Right now there is no insurance that will help out with long-term care, but you can give up everything and the government will take over and spend a lot more money on a poorer quality of care. And the toll on the family - young and old alike - is enormous. It seems to me it would make more sense to take about a third of that money to help keep people at home and use the rest for much needed research and helping more families that are unable to give home care.

People say, "How do you do it?"

You do it by living one day at a time (only so much can happen in 24 hours). A strong faith in God. A supportive family. Keeping a sense of humor. Becoming involved in support groups and trying to help others who are going through this.

My story is not unique. It is repeated in thousands of households across the country. I know I am not alone, although sometimes I feel that I am.

Statement of Mrs. Brushwood's Daughter-In-Law, Brenda Nichols

When I first met the Brushwoods, Marshall was very sick, and in and out of the hospital a lot. Anne was trying to travel and always seemed to have work to do at home, plus the normal household chores. Grandma (Anne's mother) lived in an apartment in a nearby town and, though forgetful about some things, enjoyed traveling, hiking in the mountains, and made beautiful crafts.

When Grandma was mugged, she came to live with Anne, and this is when our lives began to intertwine. A lot of the time, Grandma seemed like a normal elderly person, yet we were pretty sure she had Alzheimer's, and we had to help her more and more with the activities of daily life.

One of the big problems at that time was whether to tell her she had Alzheimer's when she would get upset and say she was going "crazy". We never knew how she was going to act. In order to deal with what was happening, Scott and I would joke about it around our friends, and at times this made us feel guilty for laughing, yet it helped us deal with the situation. Sometimes it seemed that all we ever had to talk about with our friends was Grandma and the things she was doing.

Grandma got very upset and confused on our wedding day. I had been up with her several times during the night, and that morning she didn't know who I was and was afraid of me. Anne was crying and I was crying and wishing that we had gone to the justice of the peace.

When we moved to Charlottesville, I was promoted to manager and was very busy with my job and had to work long hours. Marshall's mother came to live with us. Many nights Grandma would come into our room and touch us when we were sleeping, or crawl in bed with us. We would take her back to bed, trying to be quiet so Anne could get some rest.

Scott and I talked about how tired Anne looked all the time and how she didn't get out of the house enough. Our friends were very understanding and came around, yet her friends came less and Grandma's friends never came at all.

Scott and I tried any way we could to help out. I gave Grandma baths, dressed her and put her down at nights. She frequently had a look in her eyes of "Who are you?", "I am confused", that would bring tears to my eyes. Anne taught me how to give Marshall his shots and test his blood, and I got so I could even help him with the urinal. It was a real family effort to take all three of them for an outing. Scott helped around the house, with meals, and has certainly done his share of "sitting", along with working 10-hour days.

The night Grandma fell down the steps we all had our guilt feelings about why we didn't hear her get up like we had so many times before. At the hospital, Scott broke down in tears and kept saying, "Hasn't she been through enough?" Anne nearly went into shock -- we were afraid for her, and so thankful that we were home to be with her.

The night Grandma died was a relief -- she had suffered so much, and we were glad she was finally at rest.

Scott and I can't help but worry about the future. Now that we know for sure that Grandma had Alzheimer's, we are wondering what causes it; is it inherited? If it is inherited, will Anne, Scott or Alicia (Scott's daughter) get it? I have been going to the Alzheimer's support group meetings to learn as much as I can about this horrible disease. More research is desperately needed. We are just about depleted financially and emotionally now. Can we go through two more generations of Alzheimer's?

It seems so unfair in Grandma's case -- she worked all her life so she could retire in comfort and enjoy her later years, and leave something for her children. Alzheimer's took it all away. Marshall needs a lot of care and can't be left along for very long, but he is only in his 50's -- too young for a nursing home. Even though he doesn't talk very much, you can tell he enjoys being part of the family. His mother has really been happy here in the family and appreciates everything we do for her. It is hard at times, but not nearly as hard as abandoning them to an institution would be for all of us.

We don't know what the future holds for us. But whatever it is, we will try to work it out together.

Rosalie A. Kane, D.S.W.
Professor, School of Public Health
& School of Social Work
University of Minnesota

I wish to thank the House Select Committee on Aging and Congressman Roybal for holding this important forum tonight. I don't think anybody could have listened to Mrs. Brushwood and be left with any other impression but that the care of the elderly and disabled is something that affects people of all ages.

I am Rosalie Kane, a professor at the School of Social Work and the School of Public Health at the University of Minnesota. Much of my career has been devoted to studying and trying to improve the circumstances of health care and long-term care for the elderly. I can say with assurance that few issues more vitally affect Americans of all ages than the kind of care the elderly receive and how it is financed.

I will begin with a quotation:

> "It must not be forgotten that the care of any social plan must be the child. Old age pensions are in a real sense measures in behalf of children. They shift retroactive burdens to shoulders that can bear them with less human cost, and young parents, thus released, can put at the disposal of new members of society those family resources he must be permitted to enjoy if he is to become a strong person, unburdensome to the state. Health measures that protect his family from sickness and remove the apprehension of debt are child welfare measures. Likewise unemployment insurance is a measure on behalf of children because it protects the home. ...public job assurance which can hold the family together over repeated periods of private unemployment is a measure for children in that it assures them a childhood rather than the premature strains of the would-be child bread earner."

These are the words of the Report of the Committee on Economic Security and the date is 1935. Fifty years ago the framers of our Social Security Act knew that the age generations are interdependent. Fifty years ago they understood that societally guaranteed benefits to the elderly benefit children and young adults because those public dollars relieve younger generations of heavy financial burdens.

Somewhere in the last 50 years we have lost our understanding that age groups are interdependent. Instead, the popular press and some political rhetoric have highlighted a supposed imbalance between public dollars spent on the young and public dollars spent on the elderly. Such commentators foresee a bitter intergenerational conflict just over the horizon. But this concept of intergenerational conflict is vastly oversimplified. It ignores the reality that people of all ages are tied together in families and have a stake in each other's well-being. It is at best distracting and at worst dangerous.

Intergenerational conflict is a distracting idea because it diverts attention from the real issue: How can families (and even people without families) be protected adequately from financial disasters which, when they strike, can devastate a family unit financially, socially, and emotionally? How can people with disabilities and diseases that create serious dysfunction receive care in a way that enhances their independence and dignity?

A narrow focus on balancing resources spent on the social welfare of those now young and those now old is an unhelpful approach to social policy. The new report by the Gerontological Society of America eloquently argues that we must look at fairness across the life cycle, considering that those now old were once young and those now young hope to become old, and the generations are cemented by bonds of duty, affection, and interdependence. Furthermore, we must reject the tacit assumption that existing social welfare dollars should compete. Other expenditures can be examined, and sources of new revenue can be considered. Surely a country as wealthy as the United States can protect all its citizens at least as well as many poorer countries do.

The idea of intergenerational conflict is dangerous too. At present, no such conflict exists as a systematic phenomenon. On the contrary, when younger adults age 18-64 are asked to indicate which public programs they would support, even if an increase in taxes were required, they overwhelmingly favor income security and health care for the old. And elderly persons continue to support public programs that protect and educate children, and that preserve the community and the environment for future generations.

In the context of private family life, as Mrs. Brushwood pointed out, younger generations make enormous sacrifices of time, energy, opportunity, and money to care for the elderly. Similarly, older people care vitally about the well-being and security of their offspring, often making life choices they themselves dread in order to avoid being a worry or a financial drain to their family. Seniors deprive themselves to protect even small legacies for their heirs. The interests of the young, the old, and the in-between are inextricably linked. Let's not ferment a conflict by constant speculation about its possibility.

The intergenerational conflict idea has an insidious corollary--the idea that the elderly receive more than their fair share. The relative reduction of poverty among the elderly--the triumph of Social Security--is usually described in the same breath as increasing poverty among mothers and children. This formulation ignores the great variability of income among those over 65 and the poverty of the very old, especially women. Ludicrously, it also seems to suggest that we can attack lack of opportunity among youth and the conditions that generate extreme poverty by reducing the average income of the elderly.

We constantly hear and read statistics that persons over 65 use health resources out of proportion to their numbers in the population. The tone invites us to deplore that 11% of the population over 65 use more than 40% of hospital days. But surely the elderly need a disproportionate share of health care just as children need a disproportionate share of educational services. If the elderly only used 11% of hospital days something would be greatly amiss. The real question is the more basic one of effectiveness. Is our large expenditure on health care of the elderly doing all the good we have a right to expect? Are hospitals and long-term care programs serving the elderly well? Or do our practices hurt the elderly and, therefore, family members of all ages?

In fact, the hospital does not always serve the elderly patient well--this is particularly true for the very old person over age eighty, especially once the acute phase of disease has ebbed. Hospitals with their associated bed rest, confusion, and depersonalization can be dangerous for old people. Precipitous decisions aboutwhere they go after leaving the hospital can drastically reshape their lives. The DRG form of prospective payment exacerbates the problem for an elderly person with multiple diagnoses and the need for a careful medical assessment of the whole picture. The hospital has every incentive to pare down length of stay, minimize the service given, refrain from comprehensive assessment, and promote hastily contrived aftercare plans. Relatives of the patients, sometimes themselves elderly, sometimes from out-of-town and unaware of resources, are typically informed that they must get the patient out of the hospital immediately.

What happens after the hospital is usually some form of long-term care. Long-term care at any age is difficult to arrange and finance. The elderly are the group most needing long-term care, but let us remember that other groups are affected as well. Chronically and seriously ill adults, such as paraplegics or persons with advanced multiple sclerosis, adolescents or young adults who have been brain-injured in accidents, and developmentally disabled children who can expect a decade of long-term care, can testify to the problems and the costs. Caregivers come in all ages and relationships and sometimes the elderly themselves care for a younger relative. Indeed, the cost of long-term care for a physically or developmentally disabled child vastly exceeds the average cost for an elderly person.

From the viewpoint of the consumer, the long-term care experience of Mrs. Brushwood is repeated over and over again. Practical services for people living in the community are hard to find and even harder to afford. They are elusive, unreliable, and of uncertain quality, whether they are financed by public dollars or the users themselves. Family members - spouses of the elderly and the disabled younger adult, children of the elderly, parents of disabled children and young adults - are the providers of the vast bulk of long-term care, but they get little organized help. All age groups have a common stake in the development of effective, reliable, and efficient noninstitutional long-term care services.

Next to hospitals, nursing homes are the largest public investment in services to the elderly, and too often they exact an intolerable price (in dollars and misery) from their users. Suffice to say that one out of four who survive to 65 will enter a nursing home; that almost all who retain cognitive abilities will be terrified and desolate beforehand; and that too many will be bored and demoralized afterward. It is unconscionable that our public policy is built on an institution that, as presently organized, is so unacceptable to the user. All age groups have a stake in improving the quality of life in nursing homes. That nursing homes also impoverish the residents, reducing them to the status of paupers, is the last straw.

Nursing home costs are fast approaching 30 billion a year. Half of that is paid by governments through the Medicaid program but the other half was paid through private funds. These users were required to spend down to Medicaid levels and deplete the legacies they had prepared for their children before receiving Medicaid help. Those who disposed of assets before entering a facility lost the dignity and control that came with those possessions. And, the elderly nursing home resident has usually already expended large sums of money on home care before beginning the nursing home spend down. When the resident is married, the spouse will also be forced into poverty as their joint assets are spent down.

There is a sharp dichotomy between the nursing home and all other services. Efforts to find alternatives to admission have accentuated the notion that those in facilities are therapeutic failures. It is left to the nursing home to provide full services (housing, food, laundry, housekeeping, personal care, nursing, entertainment, stimulation, rehabilitation, transportation, and spiritual fulfillment). Nursing home residents tend to be ineligible for any other publicly funded services that are offered the disabled -- for example, transportation, congregate meals, community colleges, etc. In fact, if community services are brought to people in facilities or if funds are used to bring the nursing home resident to the service or program, this is usually considered an inappropriate co-mingling of federal funds.

The status quo is untenable and demoralizing for people of all ages. I and everyone else I know in geriatrics receive constant telephone calls from frantic family members asking what can be done for their mothers or fathers. So far all we can do is make referrals for those lucky enough to live in an area with well-developed programs and commiserate with the others. What would be more ideal? Here are some outcomes I would wish for elderly people in general:

- **An adequate income.** The basic income must not be undermined by large, unpredictable health-related expenses such as nursing home care, which can easily consume more than $30,000 a year.

- **Meaningful roles and activities.** The way we provide care to the elderly should not preclude their participation in community programs with people of all ages. They should be able to use their skills and experience on behalf of the community and, indeed, younger people should not be deprived of contact with the elderly.

- **Optimal functioning with as much independence as possible.** This means each older person must have the benefit of adequate diagnosis and treatment of functional problems. Eye, hearing, and foot problems must be worked up; prostheses and dentures must be available as appropriate. Treatable problems causing confusion, incontinence, or other disability must be identified and aggressively treated. Drug regimens must be skillfully planned and monitored. Nothing is more wasteful and inhumane than organizing care (much of it provided by family members at that) for problems that could have been corrected in the first place.

- **Reasonable contentment.** This is not a naive prescription for happiness which cannot be guaranteed at any age. Some depression and anxiety is synonymous with life itself. However, the rampant depression among the elderly at present is an unacceptable outcome.

- **Ability to remain involved members of the families.** Older people should be able to participate in the reciprocal exchanges of support and attention that are the hallmark of family life. Although this is uncontroversial - everyone is pro-family - the implications are debatable. For older persons to be best integrated into family and community life, I maintain that their children or other relatives should not be seen as the basic source of their income, services or care. Such policies do not enhance living family relationships and a policy that makes the family the unit for conferring benefits is inequitable. If people without children or a spouse are given services relatives would be expected to provide, the policy unfairly penalizes those with families. But if government offers few services because the family is expected to bear the brunt, it obviously penalizes those without families.

- **For older persons with severe cognitive impairment, maintenance in as comfortable, pleasurable, and anxiety free state as consistent with their condition.** Relatives of the severely demented deserve confidence that their demented relative can eventually receive such care outside the family. I see no overriding value in a social policy that expects one usually older person to exhaust and expend himself caring for another who no longer knows where or who he is because the alternatives seem too grim.

- **Ability to make choices.** Unless cognitively impaired, older people should be free to make their own life decisions. This means access to information needed for informed choices and mitigation of the crisis atmosphere that now accompanies the health decisions of the elderly.

To achieve these goals, it may not always be best for the older persons to live in a private home. On the contrary, some sort of collective housing might sometimes afford more dignity and independence.

Public policy for health and social services must be predicated on these axioms: all age groups are interdependent; the young have a stake in the policies for the old and the old have a stake in the policies for youth; families by and large prefer to give and receive help within the family unit; an enormous amount of help flows from old to young and from young to old; contrary to myth, the elderly have not been deserted by their families; and the need for long-term care severely stresses any family who encounters it. If these are the salient facts, what are the policy implications?

Ideally, most policies should be age blind. The exceptions are policies that govern retirement and income security, and this is already recognized in our Social Security policies. Retirement policies serve two functions, they allow people in taxing or strenuous occupations to reach a desired end point and they allow younger persons orderly access to opportunities in the work-place. As long as the right to retire is determined by age as well as, of course, by disability for those of all ages, income maintenance must follow the same categories. The age of mandatory retirement could

surely be reconsidered (as long as those with disabilities are not forced to work because of inaccurate eligibility processes). Also it is perfectly equitable for Social Security to count as income for tax purposes.

Ideally, health and long-term care policies need no age criteria to determine eligibility to publicly supported assistance. Serious illness and the consequent need for assistance to compensate for functional impairment is, of course, more likely among the old (who also have less income to withstand the problem and who, especially at advanced ages, are likely to be widowed), but people of all ages are subject to catastrophic health and long term care costs. A national health insurance scheme would provide equal protection to all.

In our current cost-cutting, deficit conscious phase, national health insurance seems like an unaffordable expenditure. However, in a country where medical and hospital care is organized much like here - that is in Canada - the national insurance for hospital and medical care has managed to contain health care costs. The Canadian provinces even insure long-term care. This means that any person--regardless of age or income -- is eligible for long-term care at home or in a nursing home if he or she is judged to need it for functional reasons. Health care is free at the point of use but charges are made for institutional long-term care. Such charges are justified because all citizens need to pay something for housing and food. Yet these charges are identical for poor and rich (though the latter are free to purchase other amenities) and are affordable by the poorest pensioner.

Taking all health care costs together, Canadian health care costs less per capita and less as a percentage of the GNP than does care in the United States. The main reason that Canadian health care, even with its inclusion of long-term care, is less expensive than the U.S. counterpart seems to be the increased control that the provincial governments have in their position as sole payer. This means that the government can get a handle on both quality and price.

And the national health insurance programs are immensely popular. A well-to-do Canadian television executive told me that his parents were ill and in and out of hospitals and other care during the last decade of their lives. Each time he saw their huge hospital bills with the bottom line "Paid in full by the British Columbia Health Insurance Plan," he told me that he realized he would gladly pay his taxes forever. Yes, he could have afforded to pay for the hospital care (something most people could not manage) but he then would have been less able to make frequent cross-country visits to his parents.

National health insurance should be reinstated as a goal, but meanwhile, let us concentrate on immediate policies regarding Medicare and Medicaid.

First, Medicare coverage needs modification in several respects. Geriatric assessments on either an inpatient or outpatient basis must be covered. Such assessment is needed to identify those remediable problems that account for unnecessary impairment. It is an astounding fact, for example, that most of the people labeled as incontinent or demented have not even been medically worked up for the problem. Yet, dementia and incontinence - which require so much - are not in themselves diseases but symptoms. And changing the language to Alzheimer's disease (which is a specific syndrome thought to account for about 60% of senile dementia) does not help unless the label is conferred after a proper work-up.

Coverage is also needed for dental, optometry and podiatry services; for drugs, eyeglasses and hearing aids -- in short, those items that bear direct relationship to improving functioning and minimizing the care needs. Higher copayments and deductibles are not a good way to go, especially since the elderly are more out-of-pocket for health care than they were before Medicare was established to protect them from catastrophic health expenses.

Second, a chronic care (or long-term care benefit) is needed under Medicare. Present limitations on nursing home care to skilled services for the rehabilitatable and limits on home health to skilled services for the homebound rehabilitatable place enormous strain on the elderly and their families.

In those places where we have tested out what happens when more generous benefits are offered the elderly, we have found that their family members do not disappear. They remain affectionate and involved, and they still continue to provide help with homemaking, transportation, and other chores. Consumer demands on a long-term care benefit turn out to be reasonable. Granted, a good home health service that emphasizes personal care relieves family members of tasks such as bathing or diapering a parent, but surely these are rather inappropriate tasks for family to perform.

Third, waivers should continue to be granted to allow innovations such as the Social Health Maintenance Organization that examine new ways of conceptualizing health care and long-term care and sharing the financial risks.

Fourth, and particularly in the absence of an adequate chronic or long-term care benefit under Medicare, Medicaid waivers should continue to be permitted for community based long-term care programs and case management services to allocate resources. It is essential that the eligible populations go well beyond those categorically eligible for Medicaid, because so many of the vulnerable population reach Medicaid eligibility within a year of entering a nursing home. In fact, we might consider changing the basic Medicaid program to mandate that persons who are functionally eligible for nursing home care and who would be eligible for Medicaid within 180 days of nursing home admission receive homemaking and personal care services under Medicaid as authorized by a case manager.

Fifth, for the sake of everyone using long-term care programs and all their family members, we must have the political will to deal with the quality problems in institutions. This is purely and simply a governmental responsibility. At the same time, we must begin to examine how to ensure quality of care in home-based programs where monitoring may be even more difficult.

Sixth, we should experiment with new forms of housing that might permit nursing and home care services to be delivered to many of the frail elderly where they live. The advantage would be that the cost of housing and hotel-like services could be separated from the costs of care. Long-term care users could continue to pay their housing costs from undepleted incomes while the care costs could be purchased in a variety of other ways and, I hope, borne by Medicare and/or Medicaid. This would save many people from suffering in a restrictive, hospital-like environment as a condition of long-term care.

Nobody will be more eager for these reforms than the family members of the frail elderly who currently are stretched thin in their efforts to meet multiple needs of all dependent family members while generating an income as well. Each family seems to encounter the horror of long-term care alone. Alone, they discover that there are not enough hours in the day or dollars in the bank to meet needs. Alone, they discover that they cannot buy the services that their parents or spouse need - that they only come in a highly professionalized flavor or not at all - and alone they are shocked at the necessity of seeing their relatives enter nursing homes, many of which are substandard.

So far, the cries of disapproval and outrage have been muted - perhaps because so much energy is drained by each family's individual odyssey against the forces of long-term care - but the general public is ready to act for the collective good in improving health and long-term care and is eager for the political leadership that will start the ball rolling.

Jacob Clayman
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Thank you Mr. Chairman and friends. Just as I was about to leave my office to come here tonight, I received word that Congressman Roybal and Congressman Miller could not come, and for good reasons. It may be just as well because in their absence, we may feel more free to talk informally to each other. Chairman Roybal would have been impressed by what was said here so far this evening, but he is already convinced. Mr. Roybal is not our problem. When I say our, I am assuming that your organization, the APHA, represents the right side of the issues that we are talking about.

But you, the APHA membership, are important. You make, in essence, the decision to send Mr. Roybal or somebody on the other side of the fence to Washington, D.C. You obviously are people of influence in your communities. You are the kind of people who will determine what type of Congress we will have come next session. That is as important as anything any of us can do.

I had the advantage of reading Mrs. Brushwood's statement in advance. Because she's so calm about her problem and was so extraordinarily controlled as she spoke to us tonight, I got more of a sense of the strength of the woman and the tragedy that befell her and others like her from reading the statement. I said to myself, "that statement would bring tears to the unseeing eyes of a wooden mannequin!"

I'm a tough old bird. I've been around a long time and I'm not easily moved, but while reading that statement, I felt emotions charging through me because it is so beastly true -- because these are the facts of life for millions of Americans never seen and sometimes never known.

We, as a society, have permitted Mrs. Brushwood to assume this total responsibility - this awesome responsibility - without serious help from elsewhere. But we don't dare be taken in by her comments. She tells us that there is an intergenerational flow -- babies, youngsters, teenagers, middle-aged, and aged, that affects one member of the family or perhaps every member of a normal family.

Now, let me tell the painful story of how this Administration and many in Congress are thinking about vesting even more pain and anguish on people like Mrs. Brushwood and millions of others in our society by cutting social benefits in the next decade. Much of the talk in the White House is about drastically slashing the social programs which preserve the life, health, security and hopes of the young and the old.

Let's take Gramm-Rudman. This is a political statement pure and simple. Let me list some the programs which will be adversely affected: food stamps, Medicare, Medicaid, SSI, student aid, Aid to Families with Dependent Children, grants for preventative health, maternal and child health, grants for special food programs for low-income pregnant women, rehabilitation services for the handicapped, special programs such as senior centers, food centers home delivered meals -- all of these and more.

It appalls me that Gramm-Rudman would cut 38 billion dollars just from Medicare and Medicaid from now to 1990 -- 38 billion dollars. That is a fantastic sum even in this world. The fact that some programs would be cut as much as 25% by 1990 and that all effective programs would be pruned to the tune of 304 billion by the same year is a shocking prospect.

All of the programs I've talked about and those I haven't mentioned would be cut 304 billion dollars if Gramm-Rudman goes into effect. What does that do to children? What does that do to pregnant women? What does that do to their education and nourishment? What does it do to young adults wanting to go to college but who can't afford to when our system has made it possible for others to go? What does that do to the programs that you lay your hands on everyday in your work?

This would be the greatest blood letting in the history of social progress in America. We can't imagine the devastation that this would heap upon the people of society. Cuts upon cuts have been vested upon the young, the old and the poor over the past five years. I was stunned to realize that over the past five years, programmatic cuts have totalled more than 300 billion dollars, affecting such programs as Medicare, Medicaid, food stamps, and housing.

So I say to you as I would have said to Chairman Roybal, we must stop this Gramm-Rudman monstrosity before it distorts most of the humane and rational social policies that have been part of our country and made us a worthy example to the world. We need a philosophy in the White House and the Congress that recognizes that the first duty of a sound and wholesome government is to enhance the human condition of our people - all our people - the poor, the middle class, the rich, the young, the middle aged, and the old.

This is what the Leadership Council of Aging Organizations advocates tonight.

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